

## **SUPPORT BONAIRE, INC. - GRANT MAKING AND OVERSIGHT PROCESS**

The Board of Directors (“BOD”) of Support Bonaire, Inc. (“SBI”), will institute a process for grant making and oversight involving the following aspects: identification of needs, identification of potential grant recipients (a grant recipient is hereinafter referred to as a “Grantee”), selection of Grantees, and monitoring the use of grants.

### ***Identification of Needs***

The BOD will establish a committee (the “Community Needs Committee”) tasked with the ongoing mission of identifying needs (the “Identified Needs”) in Bonaire, Netherlands Antilles (“Bonaire”) (i) that are not being addressed, (ii) which, if addressed, would further one or more of SBI’s exempt purposes, and (iii) that fall within one or more of the following program areas (the “Program Areas”): health, education, housing, culture, scientific research, environmental protection, and nature conservation. The Community Needs Committee will periodically report its findings to the BOD.

### ***Identification of Potential Grantees***

The Community Needs Committee will also be tasked with the ongoing mission of soliciting written proposals for grants to be used for programs or projects conforming with one or more Program Areas and addressing one or more Identified Needs. The Community Needs Committee may seek additional information as necessary and may conduct interviews and site visits. From the submitted grant proposals, the Community Needs Committee will select those grant proposals that merit serious consideration by the BOD, periodically report its findings to the BOD, and supply supporting materials to the BOD.

In making this initial selection, the Community Needs Committee shall apply the following general guidelines:

- (1) a potential Grantee must be either (i) a United States based private operating foundation, as defined in IRC § 4942(j)(3), or public charity, as defined in IRC § 509(a)(1), (2), or (3), which is tax exempt under IRC §501(c)(3), or (ii) a Netherlands Antilles based organization that is the equivalent of a private operating foundation or public charity as defined above;
- (2) a potential Grantee must intend to use the grant on a project or program it directly operates or plans to operate in Bonaire;
- (3) the project or program for which a potential Grantee intends to use the grant must conform with one or more Program Areas;
- (4) the project or program for which a potential Grantee intends to use the grant should, but is not required to, address one or more Identified Needs;

(5) the project or program for which a potential Grantee intends to use the grant must benefit Bonaire and its inhabitants, and further one or more of SBI's exempt purposes;

(6) a grant may be made to support an existing or new program or project, and may be used for capital purposes or operational expenditures;

(7) no grants will be made for endowment purposes; and,

(8) a grant may be made on an annual basis or to support a multi-year project or program.

### ***Selection of Grantees***

The BOD will select, by majority vote, Grantees from among the potential Grantees selected by the Community Needs Committee, applying the following considerations and any other criteria it deems relevant:

(1) whether the potential Grantee's organizational history, operations, and previous accomplishments indicate a likelihood of (i) success with the project or program for which the grant is sought, and (ii) efficient use of resources;

(2) whether the grant proposal indicates thoughtful planning;

(3) whether the potential Grantee has a sound plan for evaluation and assessment of the project or program for which the grant is sought;

(4) whether the project or program for which the grant is sought will leave a substantial, lasting, and beneficial impact on Bonaire and/or its inhabitants;

(5) whether the grant itself will have a substantial impact on the project or program for which the grant is sought;

(6) whether the project or program for which the grant is sought is duplicative of other existing projects or programs;

(7) whether the leadership and staff of the potential Grantee is qualified and capable of successfully implementing the project or program for which the grant is sought;

(8) whether the potential Grantee will be able to secure other sources of support for the project or program for which the grant is sought;

(9) whether the potential Grantee will be able to secure community involvement and support in and for the project or program for which the grant is sought;

(10) the projected cost of the project or program for which the grant is sought and the soundness of the basis for the estimate; and,

- (11) the size of the grant sought.

In addition to considering the report, grant proposal and other materials supplied by the Community Needs Committee, the BOD may, if it deems it advisable, independently seek additional information, and conduct interviews and site visits, for assistance in selecting Grantees.

### ***Monitoring Use of Grants***

The BOD will establish a committee (the “Grantee Oversight Committee”) tasked with the ongoing mission of monitoring the use of each grant, the success of the project or program for which a grant was provided, and the performance by each Grantee of its obligations under the agreement described below. The Grantee Oversight Committee will periodically report its findings to the BOD.

Each selected Grantee will be required to execute an agreement (the “Grantee Agreement”) concurrent with the disbursement of the initial installment of any grant, which agreement will be binding under the laws of the United States or the Netherlands Antilles, whichever is applicable, pursuant to which the Grantee will be obligated to:

- (1) make periodic financial reports (attested to by an independent accountant, if appropriate) no less frequently than annually, as well as a final financial report after expenditure of the entire grant (if appropriate), to SBI describing in detail how the grant was spent;
- (2) make periodic progress reports, no less frequently than annually, as well as a final report after expenditure of the entire grant (if appropriate), to SBI describing the extent to which the goals and purposes of the project or program for which the grant was obtained were accomplished;
- (3) maintain for inspection by SBI a record of each receipt and expenditure made in connection with the grant (including each original receipt reflecting an expenditure of grant funds) for that period beginning on the date of disbursement of the initial installment of the grant and ending on that date which is five years after the date of the last expenditure of grant funds by the Grantee;
- (4) provide SBI with a copy of each original receipt, endorsed by a minimum of two members of the board of directors of the Grantee, reflecting an expenditure of grant funds in excess of an amount to be established by SBI;
- (5) use the entire grant only for the exempt purpose(s) stated in the Grantee’s grant proposal;
- (6) not use any portion of the grant to carry on propaganda, influence legislation, influence the outcome of an election, or carry on a voter registration drive; and,

(7) repay any portion of the grant not used for the exempt purpose(s) stated in the Grantee's grant proposal.

In addition to considering reports and other materials submitted to SBI by a Grantee in accordance with the Grantee Agreement, the Oversight Committee may independently seek additional information, and conduct interviews and site visits, to ensure compliance with the Grantee Agreement and otherwise carry out its monitoring responsibilities.

If the Oversight Committee determines that any portion of a grant has been used for a purpose other than the exempt purpose(s) stated in the Grantee's grant proposal, (i) SBI will take all reasonable and appropriate steps to recover such wrongfully diverted funds, and (ii) in the discretion of the BOD, SBI will either (a) withhold payment of any future installments of a grant until recovery of such diverted funds and implementation by the Grantee of measures designed to preclude future diversions of funds, or (b) even if funds are recovered and appropriate measures implemented, immediately terminate the grant arrangement without any obligation to make further disbursements of the grant.

Similarly, if the Oversight Committee determines that a Grantee has otherwise violated the Grantee Agreement (by, for example, failing to submit required reports), SBI will either, in the discretion of the BOD, (a) withhold any future installments of a grant until the Grantee corrects the violation, or (b) even if the violation is corrected, immediately terminate the grant arrangement without any obligation to make further disbursements of the grant.

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**Last Modified – May 7, 2001**