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Form **990-PF****Return of Private Foundation**
or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No 1545-0052

2013Department of the Treasury
Internal Revenue Service

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► Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

Open to Public Inspection

For calendar year 2013 or tax year beginning **10/01/13**, and ending **09/30/14**

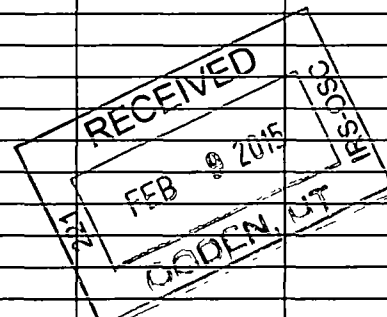
Name of foundation PENLAND FOUNDATION		A Employer identification number 20-5692339
Number and street (or P O box number if mail is not delivered to street address) 6550 TRAM ROAD	Room/suite	B Telephone number (see instructions) 409-722-4594
City or town, state or province, country, and ZIP or foreign postal code BEAUMONT TX 77713		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ► \$ 4,815,041	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis)		

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule)	1,665,752			
2	Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	1,561	1,561		
4	Dividends and interest from securities	32,204	32,204		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a				
7	Capital gain net income (from Part IV, line 2)		0		
8	Net short-term capital gain			0	
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule) Stmt 1	-792			
12	Total. Add lines 1 through 11	1,698,725	33,765	0	
13	Compensation of officers, directors, trustees, etc	0			
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule) Stmt 2	2,865			
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see instructions) Stmt 3	1,297			
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (att sch) Stmt 4	301	6		
24	Total operating and administrative expenses. Add lines 13 through 23	4,463	6	0	0
25	Contributions, gifts, grants paid	259,548			259,548
26	Total expenses and disbursements. Add lines 24 and 25	264,011	6	0	259,548
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements	1,434,714			
b	Net investment income (if negative, enter -0-)		33,759		
c	Adjusted net income (if negative, enter -0-)			0	

For Paperwork Reduction Act Notice, see instructions.

Form **990-PF** (2013)

DAA

 SCANNED FEB 17 2015 Revenue
Operating and Administrative Expenses


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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash – non-interest-bearing	32,401	46,004	46,004
	2 Savings and temporary cash investments	554,683	758,445	758,445
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (att schedule) ▶ Less allowance for doubtful accounts ▶	0		
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U S and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule)			
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule) See Statement 5	2,044,452	3,263,226	4,009,289
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
	15 Other assets (describe ▶ See Statement 6)	2,728	1,303	1,303
	16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	2,634,264	4,068,978	4,815,041
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	2,634,264	4,068,978	
	30 Total net assets or fund balances (see instructions)	2,634,264	4,068,978	
	31 Total liabilities and net assets/fund balances (see instructions)	2,634,264	4,068,978	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,634,264
2 Enter amount from Part I, line 27a	2	1,434,714
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	4,068,978
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	4,068,978

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)	(b) How acquired P – Purchase D – Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a N/A			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 </div>	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2012	303,574	2,816,954	0.107767
2011	216,650	2,820,244	0.076820
2010	293,297	2,842,586	0.103180
2009	292,738	2,405,342	0.121703
2008	158,433	2,649,743	0.059792

2 Total of line 1, column (d)	2	0.469262
3 Average distribution ratio for the 5-year base period – divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.093852
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	4,604,968
5 Multiply line 4 by line 3	5	432,185
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	338
7 Add lines 5 and 6	7	432,523
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	259,548

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	675
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0
3	Add lines 1 and 2	3	675
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	675
6	Credits/Payments		
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	343
b	Exempt foreign organizations – tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	343
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	332
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be Credited to 2014 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? If the answer is "Yes" to 1a or 1b , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	X	
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) TX		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

N/A

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► NO WEBSITE	13	X	
14	The books are in care of ► JOE PENLAND, SR. 6550 TRAM ROAD Located at ► BEAUMONT	Telephone no ► 409-722-4594 TX ZIP+4 ► 77713		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here and enter the amount of tax-exempt interest received or accrued during the year	15		
16	At any time during calendar year 2013, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ►	16	Yes	No X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? If "Yes," list the years ► 20 , 20 , 20 , 20	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement – see instructions)	N/A	2b
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2013 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2013)	N/A	3b
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **N/A** ☐ **5b**

Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A** ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** ☒

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **N/A** **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
JOE PENLAND, SR. 6550 TRAM ROAD TX 77713	PRESIDENT 1.00	0	0	0
LINDA PENLAND 6550 TRAM ROAD TX 77713	VP 0.50	0	0	0
JOE C. VERNON P. O. BOX 1916 TX 77627	DIRECTOR 0.25	0	0	0
JOE PENLAND, JR. 6550 TRAM ROAD TX 77713	DIRECTOR 1.00	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1 – see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 N/A	
2	
All other program-related investments. See instructions	
3	

Total. Add lines 1 through 3 ▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	3,892,819
b	Average of monthly cash balances	1b	737,298
c	Fair market value of all other assets (see instructions)	1c	44,977
d	Total (add lines 1a, b, and c)	1d	4,675,094
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	4,675,094
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	70,126
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,604,968
6	Minimum investment return. Enter 5% of line 5	6	230,248

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	230,248
2a	Tax on investment income for 2013 from Part VI, line 5	2a	675
b	Income tax for 2013 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	675
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	229,573
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	229,573
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	229,573

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1a	259,548
b	Program-related investments — total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	259,548
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	259,548

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				229,573
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2013				
a From 2008	26,497			
b From 2009	167,187			
c From 2010	151,338			
d From 2011	75,997			
e From 2012	163,402			
f Total of lines 3a through e	584,421			
4 Qualifying distributions for 2013 from Part XII, line 4 ▶ \$ 259,548				
a Applied to 2012, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2013 distributable amount				229,573
e Remaining amount distributed out of corpus	29,975			
5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	614,396			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount – see instructions				
e Undistributed income for 2012 Subtract line 4a from line 2a Taxable amount – see instructions				
f Undistributed income for 2013 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2014				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions)	26,497			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	587,899			
10 Analysis of line 9				
a Excess from 2009	167,187			
b Excess from 2010	151,338			
c Excess from 2011	75,997			
d Excess from 2012	163,402			
e Excess from 2013	29,975			

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year See Statement 8				259,548
Total			▶ 3a	259,548
b Approved for future payment N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	1,561	
4	Dividends and interest from securities			14	32,204	
5	Net rental income or (loss) from real estate					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income	621400				
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue a					
b	ARPA ADV. RADIATION PHYS., LP	621400	-792	8		
c						
d						
e						
12	Subtotal Add columns (b), (d), and (e)		-792		33,765	0
13	Total. Add line 12, columns (b), (d), and (e)				13	32,973

(See worksheet in line 13 instructions to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1** Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
- a** Transfers from the reporting foundation to a noncharitable exempt organization of
- (1)** Cash
- (2)** Other assets
- b** Other transactions
- (1)** Sales of assets to a noncharitable exempt organization
- (2)** Purchases of assets from a noncharitable exempt organization
- (3)** Rental of facilities, equipment, or other assets
- (4)** Reimbursement arrangements
- (5)** Loans or loan guarantees
- (6)** Performance of services or membership or fundraising solicitations
- c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees
- d** If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

	Yes	No
1a(1)		X
1a(2)		X
1b(1)		X
1b(2)		X
1b(3)		X
1b(4)		X
1b(5)		X
1b(6)		X
1c		X

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

☐ Yes ☒ No

- b If "Yes," complete the following schedule**

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

**Sign
Here**

Signature of officer or trustee

Date _____

Title

Print/Type preparer's name

Preparer's signature

Date _____

Check ☐ if self-employed

CARLEEN DIGIOVANNI

01/12/15

Firm's name ▶ Mazur & Vernon, CPA's

PTIN P01084093

Firm's address ► **PO Box 1916**

Firm's EIN ▶ **74-1593672**

Nederland, TX 77627

Phone no **409-729-1234**

Form **990-PF** (2013)

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

OMB No 1545-0047

2013

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

▶ Information about Schedule B (Form 990, 990-EZ, 990-PF) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

PENLAND FOUNDATION**20-5692339**

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒
- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.

▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization

PENLAND FOUNDATION

Employer identification number

20-5692339

Part I Contributors (see instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	JOE PENLAND, SR. 6550 TRAM ROAD BEAUMONT TX 77713	\$ 1,032,825	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions)
2	TRAM ROAD PARTNERS, LP 6550 TRAM ROAD BEAUMONT TX 77713	\$ 144,927	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
3	QUALITY MAT COMPANY 6550 TRAM ROAD BEAUMONT TX 77713	\$ 488,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)

Name of organization

PENLAND FOUNDATION

Employer identification number

20-5692339**Part II Noncash Property** (see instructions) Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	CITIGROUP, INC - 20,400 SHARES	\$ 966,552	07/09/14
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
3	WILLISTON BASIS MID NORTH AMER STOCK FUND	\$ 253,000	06/19/14
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	

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Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
ARPA ADV. RADIATION PHYS., LP	\$ -792	\$	\$
Total	\$ -792	\$ 0	\$ 0

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
ACCOUNTING FEES	\$ 2,865	\$	\$	\$
Total	\$ 2,865	\$ 0	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
UBI TAX	\$ 959	\$	\$	\$
EXCESS TAX	338			
Total	\$ 1,297	\$ 0	\$ 0	\$ 0

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses		\$	\$	\$
OFFICE EXPENSE	271	5		
BANK CHARGES	30	1		
Total	\$ 301	\$ 6	\$ 0	\$ 0

Federal Statements

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Statement 5 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
ARPA ADV. RADIATION PHYS. ASSOC., LP	\$ 44,452	\$ 43,674	Cost	\$ 43,674
INVESTMENT - CBFH, INC	2,000,000	2,000,000	Cost	2,660,000
INVESTMENT - CITIGROUP, INC		966,552	Cost	1,070,796
INVESTMENT - WILLISTON BASIN		253,000	Cost	234,819
Total	\$ 2,044,452	\$ 3,263,226		\$ 4,009,289

Federal Statements**Statement 6 - Form 990-PF, Part II, Line 15 - Other Assets**

Description	Beginning of Year	End of Year	Fair Market Value
PREPAID UBI TAX	\$ 2,232	\$ 960	\$ 960
PREPAID EXCESS TAX	496	343	343
Total	\$ 2,728	\$ 1,303	\$ 1,303

Form 990-PF, Part XV, Line 1a - Managers Who Contributed Over 2% or \$5,000

Name of Manager	Amount
-JOE PENLAND, SR.	\$ 1,032,825
Total	\$ 1,032,825

Statement 7 - Form 990-PF, Part XV, Line 2b - Application Format and Required Contents**Description**

NO SPECIFIC PRESCRIBED FORM IS REQUIRED AND INVESTIGATION IS MADE ON A CASE BY CASE BASIS TO DETERMINE SPECIFIC NEEDS OF THE CHARITY AND IS APPROVED BY THE BOARD, PURSUANT TO THE IRS CODE SEC. 170(C)(2) AND SEC. (501)(C)(3)

Federal Statements

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Statement 8 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year

Name	Address	Relationship	Status	Purpose	Amount
GIRLS HAVEN	3380 FANNIN STREET	UNRELATED	PUB. CHARITY	GOLF TOURNAMENT	10,000
BEAUMONT TX 77701	P.O. BOX 4486	UNRELATED	PUB. CHARITY	DISCRETIONARY USE	25,000
MD ANDERSON CENTER	1919 S. BRAESWOOD	UNRELATED	PUB. CHARITY	FOOD ALLERGY PROGRAM WITH DR. DAVIS	25,000
HOUSTON TX 77210-4486	755 S. 11TH STREET #212	UNRELATED	PUB. CHARITY	CANCER RESEARCH	5,000
TEXAS CHILDREN'S HOSPITAL	PO BOX 1531	UNRELATED	PUB. CHARITY	SPONSORSHIP	500
HOUSTON TX 77030-4412	7980 ANCHOR DRIVE	UNRELATED	PUB. CHARITY	DISCRETIONARY USE	1,000
AMERICAN CANCER SOCIETY	5000 ACADEMY DRIVE	UNRELATED	PUB. CHARITY	WALKATHON	500
BEAUMONT TX 77701	3655 N. MAJOR DRIVE	UNRELATED	PUB. CHARITY	CRAWFISH BOIL	1,000
KOUNTZE LITTLE DRIBBLERS	PO BOX 460 - 1488 FM 1293	UNRELATED	EDUCATIONAL	SPRING SHOW	16,040
KOUNTZE TX 77625	7250 WESPARK DRIVE	UNRELATED	PUB. CHARITY	SPONSORSHIP	28,333
SAMARITAN COUNSELING CENTER	PO BOX 460 - 1488 FM 1293	UNRELATED	EDUCATIONAL	DISCRETIONARY USE	10,000
PORT ARTHUR TX 77642	6550 TRAM ROAD	UNRELATED	PUB. CHARITY	SPONSORSHIP	750
LEGACY CHRISTIAN ACADEMY	525 LAKESHORE DRIVE	UNRELATED	GOVERNMENTAL	BRING FAMILY TO DOCTOR DAY	1,000
FRISCO TX 75034	5555 SAN FELIPE STREET #5	UNRELATED	PUB. CHARITY	SPONSORSHIP	1,000
BOYS HAVEN	701 S. PERSIMMON STREET	UNRELATED	EDUCATIONAL	SPONSORSHIP	500
BEAUMONT TX 77713	1501 WEST ANDERSON LANE	UNRELATED	PUB. CHARITY	SPONSORSHIP	2,500
KOUNTZE ISD	5805 NORTH LAMAR BLVD	UNRELATED	GOVERNMENTAL	DISCRETIONARY USE	500
KOUNTZE TX 77625					
YMBL					
BEAUMONT TX 77705					
KOUNTZE ISD					
KOUNTZE TX 77625					
BULLET BASKETBALL					
BEAUMONT TX 77701					
JEFFERSON COUNTY PRECINCT #4					
PORT ARTHUR TX 77640					
ONE HUNDRED CLUB OF HOUSTON					
HOUSTON TX 77056					
WOODLANDS ELITE CHEER CO.					
TOMBALL TX 77375					
TEXAS CASA, INC.					
AUSTIN TX 78757					
DEPARTMENT OF PUBLIC SAFETY					
AUSTIN TX 78752-4431					

Federal Statements

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**Statement 8 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year (continued)**

Name		Address		Relationship		Status	Purpose	Amount
Address		Relationship		Status				
BMT KIWANIS CLUB		PO BOX 1216		UNRELATED	501 (C) (4)	DISCRETIONARY USE		110
ORANGE TX 77631-1216		400 WALNUT STREET		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		500
FIRE MUSEUM OF TX		2200 BUTTON WILLOW		UNRELATED	501(C) (4)	SPONSORSHIP		100
BEAUMONT TX 77701		PO BOX 460		UNRELATED	FM 1293	SPONSORSHIP		1,500
WILWOOD MEN'S GOLF ASSOCIATION		PO BOX 520		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		7,500
VILLAGE MILLS TX 77663		2120 WESTHEIMER ROAD		UNRELATED	RELIGIOUS	SPONSORSHIP		1,000
KOUNTZE BAND BOOSTER CLUB		6550 TRAM ROAD		UNRELATED	EDUCATIONAL	AAU BASKETBALL NATIONAL CHAMPIONSHIP		200
KOUNTZE TX 77625		2390 DOWLEN ROAD		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		100,000
YOUNGLIFE		5000 ACADEMY DRIVE		UNRELATED	PUB. CHARITY	SPONSORSHIP		3,640
COLORADO SPRINGS CO 80901		3395 HARRISON AVENUE		UNRELATED	PUB. CHARITY	ADOPT A BIRD TEACHER		5,000
ST. ANNE'S CATHOLIC SCHOOL		2712 NEDERLAND AVENUE		UNRELATED	PUB. CHARITY	PATRON		150
HOUSTON TX 77098		8333 9TH AVENUE		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		1,000
KOUNTZE HIGH SCHOOL		18251 QUANTICO GATEWAY DR		UNRELATED	PUB. CHARITY	TOY DRIVE		1,000
BEAUMONT TX 77713		4650 CARDINAL DRIVE		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		2,500
GIFT OF LIFE		228 W. LEXINGTON STREET		UNRELATED	PUB. CHARITY	DISCRETIONARY USE		500
BEAUMONT TX 77706		810 HOSPITAL DRIVE, #190		UNRELATED	PUB. CHARITY	SILVER SPONSOR		2,000
LEGACY CHRISTIAN ACADEMY		2025 MERRIMAN		UNRELATED	PUB. CHARITY	SPONSORSHIP		200
FRISCO TX 75034								
ADOPT A BIRD TEACHER								
BEAUMONT TX 77701								
MARION & ED HUGHES PUBLIC LIBRARY								
NEDERLAND TX 77627								
CANCER CENTER OF SETX								
PORT ARTHUR TX 77642								
JEFFERSON COUNTY TOYS & TOTS								
TRIANGLE VA 22172-1776								
THREE RIVER COUNCIL BOY SCOUTS								
BEAUMONT TX 77705								
CATHOLIC RELIEF SERVICES								
BALTIMORE MD 21201-3443								
CHILD ABUSE & FORENSIC SERVICES								
BEAUMONT TX 77701								
PNG SOFTBALL LEAGUE								
PORT NECHES TX 77651								

25042 PENLAND FOUNDATION
20-5692339
FYE: 9/30/2014

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Statement 8 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name		Address		Relationship	Status	Purpose	Amount
Address							
THE NOON MIDCOUNTY OPTIMIST PORT NECHES TX 77651		2646 GRAND BOULEVARD	501 (C) (4)	UNRELATED	DONATION		100
BUNA ISD BUNA TX 77612		PO BOX 1087	EDUCATIONAL	UNRELATED	DISCRETIONARY USE		250
GARTH HOUSE BEAUMONT TX 77701		1895 MCFADDIN STREET	PUB. CHARITY	UNRELATED	SILVER SPONSOR		1,000
KELSEY YOUNG SCHOLARSHIP LUBBOCK TX 79409		2500 BROADWAY	EDUCATIONAL	UNRELATED	SCHOLARSHIP		2,675
Total							259,548

AMENDED & RESTATED BYLAWS

OF

THE PENLAND FOUNDATION

a Texas Non-Profit Corporation

These Amended & Restated Bylaws govern the affairs of The Penland Foundation, a nonprofit corporation (the "Foundation") organized under the applicable provisions of the Texas Corporation Law and the Texas Nonprofit Corporation Law, parts of the Texas Business Organizations Code (collectively the "TNPCL").

ARTICLE ONE - OFFICES

Section 1.01. Principal Office. The principal office of the Corporation in the State of Texas shall be located at 6550 Tram Road, Beaumont, Texas 77713. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Section 1.02. Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office may be, but need not be, identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE TWO - PURPOSES

Section 2.01. Organizational Purposes. The Corporation is organized exclusively for charitable, religious, scientific and educational purposes as defined in Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Corporation may engage in any activities which further its purposes.

No part of the net earnings of the Corporation shall inure to the benefit of any Director of the Corporation, officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes), and no Director or officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate

in, or intervene in (including the publication or distribution of statements) any political campaigning on behalf of any candidate for public office.

Notwithstanding any other provision of these Bylaws, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code and Regulations, as they now exist or as they may hereafter be amended.

Upon dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to charitable organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

ARTICLE THREE - MEMBERS

Section 3.01. The corporation shall have no members.

ARTICLE FOUR - BOARD OF DIRECTORS

Section 4.01. General Powers. The affairs of the Corporation shall be managed by its Board of Directors. Directors need not be residents of Texas.

Section 4.02. Number, Tenure and Qualifications. The number of Directors shall be not less than three (3) no more than five (5). The Directors currently serving shall be four (4) and each shall serve until his or her successor is duly elected and qualified. The current Directors are Joe E. Penland, Sr., Linda Bryant Penland, Joe E. Penland, Jr., and Joe C. Vernon.

Section 4.03. Regular Meetings. The Board of Directors shall provide for by resolution the time and place, either within or without the State of Texas, for the holding of the regular annual meeting(s) of the Board, and may provide by resolution the time and place for the holding of additional regular meetings of the Board, without other notice than such resolution. However, there shall never be less than one annual meeting of the Board of Directors.

Section 4.04. Annual Meeting. Beginning in 2014, an annual meeting of the Board of Directors shall be held at the date, time and place determined by the Board of Directors.

Section 4.05. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Texas, as the place for holding any special meetings of the Board called by them.

Section 4.06. Meetings Utilizing Electronic Media. Members of the Board of Directors or members of any committee designated by the Board of Directors may participate in and hold a meeting of that Board or committee, respectively, by means of conference telephone or similar communication equipment, provided that all persons participating in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully created.

Section 4.07. Notice. Notice of any special meeting of the Board of Directors shall be given at least one (1) day previously thereto by oral or written notice delivered personally or sent by mail or facsimile to each Director at his or her address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by facsimile, notice shall be deemed to be delivered upon successful transmission of the facsimile. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver or notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 4.08. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a quorum of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 4.09. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 4.10 Vacancies. Joe Penland, Sr., and Linda Penland, as founders of the Foundation, intend that following their deaths the Foundation shall remain active and shall be managed by their family members to the maximum extent practicable as set forth in this Section 4.10. In the event that a vacancy occurs on the Board of Directors for any reason, then the remaining Directors shall by majority vote fill any subsequent vacancies, giving priority to the then living descendants of Joe Penland, Sr., and Linda Penland.

Section 4.11. Compensation. Directors as such shall not receive any stated salaries for their services, but nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving reasonable compensation therefor.

Section 4.12. Informal Action by Directors. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if approved in writing by all of the members of the Board of Directors.

Section 4.13. Resignation. Any Director may resign by giving written notice to the President. The resignation shall be effective at the next called meeting of the Board of Directors.

Section 4.14. Removal. Any Director may be removed with or without cause by a two-thirds majority of the remaining Directors.

Section 4.15. Indemnification. The Corporation may indemnify and advance reasonable expenses to directors, officers, employees and agents of the Corporation to the fullest extent required or permitted by the Texas Business Organizations Code. The Corporation shall have the power to purchase and maintain at its cost and expense insurance on behalf of such persons to the fullest extent permitted by the Texas Business Organizations Code.

ARTICLE FIVE - OFFICERS

Section 5.01. Officers. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, (who must be a person other than the then acting President), a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the

authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 5.02. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified.

Section 5.03. Removal. Any officer elected or appointed by the Board of Directors may be removed by a two-thirds majority vote of the Board of Directors whenever in its judgment the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 5.04. Vacancies. A vacancy in any office because of death, resignation, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.05. President. The President shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation; and in general he or she shall perform all duties as may be prescribed by the Board of Directors from time to time, including participating in various committee meetings as a member or chairperson thereof he or she shall also be responsible for informing the Board of Directors of possible programs, meetings, and functions of the corporation.

Section 5.06. Vice President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the

restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or Board of Directors.

Section 5.07. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; he or she shall keep proper books of account and other books showing at all times the amount of funds and other property belonging to the Corporation, all of which books shall be open at all times to the inspection of the Board of Directors; he or she shall also submit a report of the accounts and financial condition of the Corporation at each annual meeting of the Board of Directors; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 5.08. Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation, and affix the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or Board of Directors. The Board of Directors and Officers shall give bonds of the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurer and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE SIX - COMMITTEES

Section 6.01. Appointment. The President shall appoint members of committees established by the Board of Directors. The Board of Directors shall appoint the chairperson of each committee. These committees shall perform such functions and make

such reports as the President or Board of Directors shall determine. Both Directors and members of the Advisory Board may serve on all committees except the Executive Committee.

Section 6.02. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of two or more persons, a majority of whom are Directors, which committees, to the extent provided in said resolution shall have and exercise the authority in the management of the Corporation of the Board of Directors. However, no such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing the Bylaws, electing, appointing, or removing any member of any such committee or any Director or officer of the Corporation; amending the Certificate of Formation; adopting a plan of merger or adopting a plan of consolidation with another Corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereof of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or him or her by law.

Section 6.03. Executive Committee. The Board of Directors may from among its members appoint an Executive Committee consisting of the officers and any additional members as deemed necessary by the Board to serve at the pleasure of the Board. The President, unless absent or otherwise unable to do so, shall preside as Chairperson of the Executive Committee. The Committee shall meet at the call of the President or the Board of Directors, or any two (2) members of the Committee, and shall have and may exercise when the Board of Directors is not in session the power to perform all duties, of every kind and character, not required by law or the charter of the Corporation to be performed solely by the Board of Directors. The Executive Committee shall have authority to make rules for the holding and conduct of its meetings, keep records thereof and regularly report its actions to the Board. A majority but never less than three of the members of the Committee in office shall be sufficient to constitute a quorum at any meeting of the Committee, and all action taken at such a meeting shall be by a majority of those present all acts performed by the Executive Committee in the exercise of its aforesaid authority shall be

deemed to be, and may be certified as, acts performed under authority of the Board of Directors. Vacancies in the Executive Committee shall be filled by appointment by the Board of Directors. All actions of the Executive Committee shall be recorded in writing in a minute book kept for that purpose and a report of all action shall be made to the Board of Directors at its next meeting. The minutes of the Board of Directors shall reflect that such a report was made along with any action taken by the Board of Directors with respect thereto.

Section 6.04. Nominating Committee. The President shall, with thirty (30) days advance notice to the Board of Directors, appoint the members of the Nominating Committee created by the Board of Directors. The members shall be members of the Board of Directors and Advisory Board appointed to nominate candidates for officers and directors. Additional nominations may be made by Directors at the annual meeting.

Section 6.05. Advisory Committee. The function and purpose of the Advisory Committee shall be to advise the Board of Directors on matters relating to the purpose of the organization and to suggest projects which the Corporation may undertake.

Section 6.06. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, the President of the Corporation shall appoint the members of each such committee. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their Judgment the best interests of the Corporation shall be served by such removal. Members of such committee or committees may, but need not be, Directors.

Section 6.07. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the members of the Board of Directors and until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 6.08. Chairperson. One member of each committee shall be appointed chairperson by the person or persons authorized to appoint the members thereof.

Section 6.09. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

ARTICLE EIGHT - BOOKS AND RECORDS

Section 8.01. Books and Records. The Corporation shall keep correct and complete books and records of account of the activities and transactions of the Corporation including, a minute book which shall contain a copy of the Corporation's application for tax-exempt status (IRS Form 1023), copies of the Corporation's IRS information return (Form 990), and a copy of the Certificate of Formation, Bylaws, and any amendments thereto. The Corporation shall also keep minutes of the proceedings of its Board of Directors and any committees having the authority of the Board of Directors. All books and records of the Corporation may be inspected by any Director or his or her agent or attorney for any proper purpose at any reasonable time. Representatives of the Internal Revenue Service may inspect these books and records as necessary to meet the requirements relating to federal tax form 990.

ARTICLE NINE - FISCAL YEAR

Section 9.01. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

ARTICLE TEN - SEAL

Section 10.01. Seal. The Board of Directors may authorize a corporate seal.

ARTICLE ELEVEN - WAIVER OF NOTICE

Section 11.01. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Business Organizations Code or under the provisions of the Certificate of Formation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time therein, shall be deemed equivalent to the giving of such notice.

ARTICLE TWELVE - AMENDMENTS TO BYLAWS

Section 12.01. Amendments to Bylaws. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least one day's written notice is given of an intention to alter, amend, or repeal these Bylaws or to adopt new Bylaws at such meeting.

ARTICLE THIRTEEN - AMENDMENTS TO CERTIFICATE

Section 13.01. Amendments to Certificate. Amendments to the Certificate of Formation shall be adopted at a meeting of the Board of Directors upon receiving the vote of a majority of the Directors in office.

ARTICLE FOURTEEN - CONTRIBUTION POLICIES/GUIDELINES

It is the stated policy of the Foundation that on an annual basis the Foundation shall make contributions in an aggregate amount that is not less than five percent (5.00%) of the fair market value of the assets of the Foundation (determined as of the first day of each calendar year) to one or more organizations which are selected by the Directors and which are described in Sections 170(c)(2), 501(c)(3) and 2055(a)(2) of the Code (each a "Qualified Organization").

In making contributions from the Foundation, the Directors shall give due preference and priority to those Qualified Organizations to which the Foundation is currently making contributions.

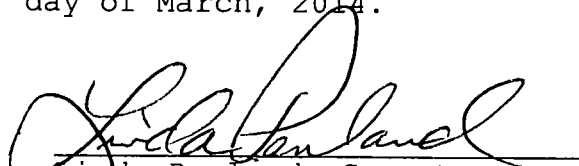
Investment decisions and recipients of contributions for the funds of the Foundation shall be made by the Board of Directors of the Foundation.

However, notwithstanding any provision herein to the contrary, any funds or assets received by the Foundation from any trust established by Joe Edward Penland, Sr., and Linda Penland for the benefit of one of their descendants ("Family Trust Funds") shall be segregated and maintained in an account separate and apart from the other assets and funds of the Foundation (each a "Segregated Account"). All determinations with respect to the recipient(s) of any contributions made from the Segregated Accounts of the Foundation and/or any investments of all those Segregated Accounts shall be made by a majority vote of the Board of Directors of the Foundation, excluding Joe Edward Penland, Sr., and Linda Penland, or by a majority vote of the Executive Committee of the Foundation, excluding Joe Edward Penland, Sr., and Linda Penland, it being expressly directed and stipulated that Joe Edward Penland, Sr., and Linda Penland shall not have the power to make any determinations with respect to either the investments of the Family Trust Funds in the Segregated Accounts or the recipients of any distributions of income or principal from those Segregated Accounts.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Amended & Restated Bylaws of The Penland Foundation, a Texas non-profit corporation, in effect on the date hereof.

IN WITNESS HEREOF, I hereunto set my hand and affix the seal of the Corporation, this 1st day of March, 2014.


Linda Penland, Secretary