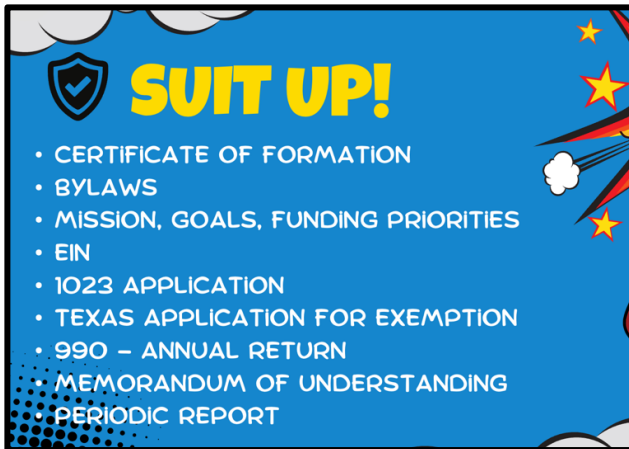


With Great Status Comes Great Responsibility Handout
 Board2Board™ Greater Houston Area – October 8, 2025
 Presented by Tracy Phelps, Foundation Innovation LLC



Best Practices:

Review organizational and corporate documents every three (3) years.

Make sure your registered agent and registered address are current. Use SOS forms 401 and 401-A to change your RA and obtain official consent for new RA to serve.

Periodic report must be filed at the request of the Secretary of State not more than once every four years.

Ending date of tax year	Initial return due date	Extended due date
December 31	May 15	November 15
November 30	April 15	October 15
October 31	March 15	September 15
September 30	February 15	August 15
August 31	January 15	July 15
July 31	December 15	June 15
June 30	November 15	May 15
May 31	October 15	April 15
April 30	September 15	March 15
March 31	August 15	February 15
February 28/29	July 15	January 15
January 31	June 15	December 15

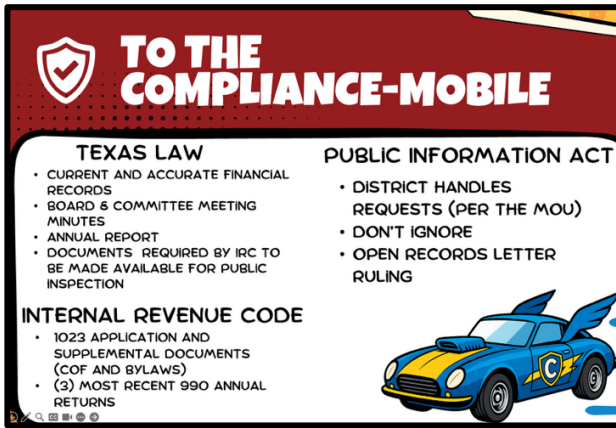
Notes



Best Practices:

Review policies and procedures every three (3) years or as need arises.

The IRS asks on the annual form 990 if there is a **Conflict of Interest, Whistleblower** and **Document Retention/Destruction** policy in place. Adopt these policies if you have not already.



Best Practices:

Keep a binder with the documents required by the IRC at the front desk of your registered or principal address.

Outline in your MOU with the District how PIA requests will be handled.

Create a shared folder where corporate documents and minutes are kept and made accessible to Directors.



BOC §22.221 A director shall discharge the director's duties, including duties as a committee member, in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the corporation.

Care - Be informed, act with the care an ordinarily prudent person would in similar circumstances

Loyalty - Put organization's interests above personal or professional gain

Obedience - Act in accordance with the mission, governing documents and the law

Notes



Political Activity

Political activity is about people, and it is prohibited.

Lobbying is about legislation and it is allowed in a very limited amount.

Organizations that are exempt from income tax under section 501(a) of the Internal Revenue Code as organizations described in section 501(c)(3) may not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. (Rev. Rul. 2007-41)

Educational Advocacy VS Lobbying - Advocacy is communicating about an issue without referencing specific legislation or urging action. Lobbying is attempting to influence the passage or defeat of a specific piece of legislation by contacting lawmakers or urging others to do so.

Defeat Mr. Electo

Add a limitations clause to your Certificate of Formation that includes a statement on political activity and lobbying.

No substantial part of the activities of the corporation shall constitute the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including by publication or distribution of statements), any political campaign on behalf of or in opposition to, any candidate for public office.

Create a political activity policy to include in your policies and procedures manual.

Educate your Board of Directors.



Private Benefit and Inurement

Inurement: Improper use of a nonprofit organization's resources for the personal benefit of an individual with significant influence over the organization (Insiders).

Private Benefit: When a nonprofit organization's resources benefit a private individual or organization rather than the public.

Defeat the Benefit Baron

Conflict of Interest Policy and Disclosure form - Review and collect annually.

Policies: Reimbursement, Expenditures, Scholarships, Grants

Document Bids for services, hiring processes, compensation planning.

Keep detailed minutes on Board decisions.



Serving Alcoholic Beverages at Fundraising Events

TABC Rule §33.79

"An organization may provide free alcoholic beverages at an event...without first obtaining a temporary authorization only if the alcoholic beverages are offered free of charge upon the request of any non-intoxicated person at least 21 years of age, regardless of whether the person has paid a membership fee, entrance fee, door charge, meal charge, ticket price, or any other fee for the event. The organization shall not request donations or tips or otherwise receive money in exchange for alcoholic beverages served."

Otherwise, you need a **nonprofit entity temporary event permit (NT)**. Submit form L-NT and \$50 application fee at least 10 days prior to your event. The permit is good for 10 consecutive days.

If you auction alcohol at your event, you will also need to submit form L-NT-AUC. The alcohol must be donated and must be consumed off-site.

Defeat the Toastmaster of Trouble

Consult the TABC with questions and stay up to date on TABC rules.

Consider obtaining liquor liability insurance.

Tinyurl.com/tabctempeventrules



Charitable Bingo

Bingo Enabling Act

Non-regular Conductor License Eligibility

- Religious society, **fraternal organization***, veteran organization, volunteer fire department, volunteer EMS provider, or nonprofit medical organization
- Have existed and been federally exempt for at least **3 years**
- Have a **bona fide membership list/roster***

**a nonprofit organization organized to perform and engaged primarily in performing charitable, benevolent, patriotic, employment-related, or educational functions that meet the other requirements of this chapter*

** Bona fide member list - a current list of active members, directors and/or officers*

Defeat the Bingo Bandit

Consult legal counsel

Texas Department of Licensing & Regulations | Lottery & Charitable Bingo Division - Office: 512-344-5000 | Fax: 512-344-5142 |

bingo.services@lottery.state.tx.us



Charitable Raffles

Charitable Raffle Enabling Act – Occupations Code §2002

Do:

- Be a 501 (c)(3) in existence for at least three (3) years
- Limit to four (4) raffles per year, one (1) at a time
- List required info on tickets (name and address of organization, ticket price, general description of each prize having a value of more than \$10, date on which the raffle prize(s) will be awarded
- Keep prizes under \$75,000 in value (or \$750,000 if a residence)

Don't:

- Award cash
- Sell tickets online
- Advertise statewide (only your website or supporter list)
- Compensate a person directly or indirectly for organizing or conducting raffle or for selling tickets to a raffle (foundation staff okay if it is a very small part of their duties)

"[CREA](#) states that the organization may not promote or advertise a raffle statewide, other than on the organization's website or through a publication or solicitation, including a newsletter, social media, or email, provided only to previously identified supporters of the organization. Selling or offering to sell tickets statewide is prohibited.

The term statewide has not been defined or interpreted in any known court proceeding or Attorney General Opinion, but it is generally thought that statewide would include the Internet."

Tinyurl.com/agrafflerules

Defeat the Raffle Renegade

Exercise your fiduciary duty.

Educate your Board of Directors.

Consult legal counsel when needed.

Notes
