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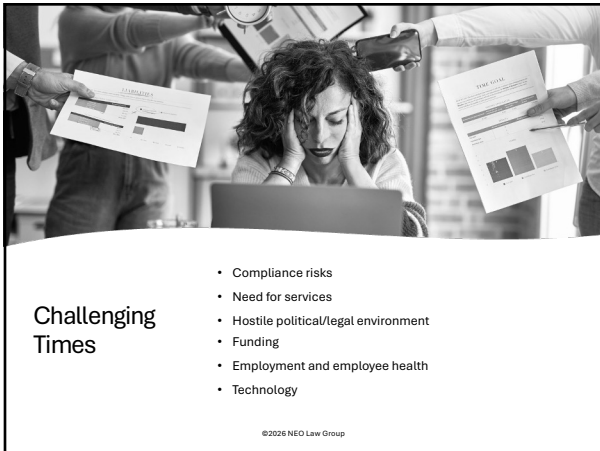
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## Some Required Filings

- IRS Form 990
  - CA-FTB Form 199
  - CA-AG Form RRF-1 (plus Form 990 or CA-AG Form CT-TR-1)
  - CA-Statement of Information (Secretary of State)
- 
- Employment-related
  - Independent contractor-related
  - Local registrations
  - Licenses, permits, etc.



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## 501(c)(3) compliance

- Purpose
- Activities
- Payment/compensation  
Lobbying limits
- Political campaigns
- Collaborations with non-charities (no more than incidental private benefit)



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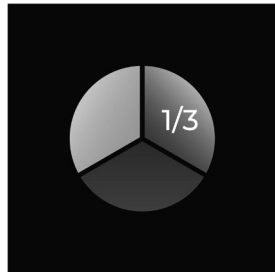
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## Public charity qualification

- Public support test application?
- Sufficient public support?
  - Government funds
  - Broad public sources (e.g., many donors)



\* See Form 990, Schedule A

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# Internal compliance

Articles > Bylaws – Policies

- Purpose, mission
- Number of board members (directors)
- Elections (directors, officers)
- Meetings
- Conflicts of interest



- Legal reviews
- Trainings

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# Employment compliance

- Employee vs Independent Contractor
- Exempt (salaried) vs non-exempt (typically hourly)
- Remote work
- Antidiscrimination\*
- Harassment
- Leaves



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# Fundraising compliance

- Registrations (multi-state)
- Truthfulness
- Professional fundraisers
- Fundraising platforms
- Raffles



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**PROBLEMS**

- Compliance**
  - Failing to timely file Forms 990
  - Failing to timely file state charity registrations
  - Unlawful insider benefits
- Not allocating sufficient resources to –**
  - Build and cultivate an impactful board
  - Orient, train, and continually educate staff and others
  - Advocate on public policies and laws that are or could be making a big difference to your organization, its mission, and its values
  - Build and develop greater engagement with your various communities
  - Preserve valuable charitable assets even if your organization needs to dissolve

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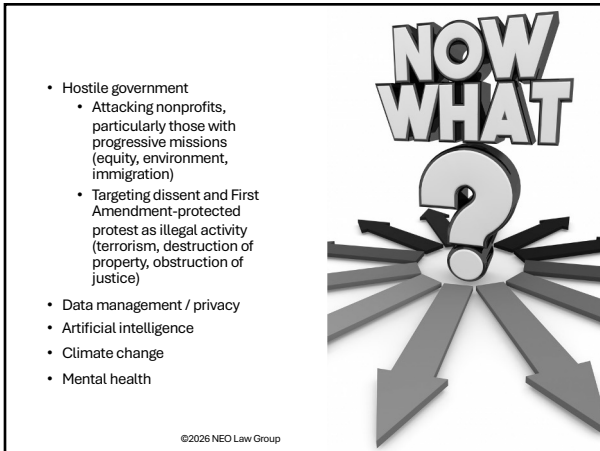
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**NOW WHAT**

- Hostile government
  - Attacking nonprofits, particularly those with progressive missions (equity, environment, immigration)
  - Targeting dissent and First Amendment-protected protest as illegal activity (terrorism, destruction of property, obstruction of justice)
- Data management / privacy
- Artificial intelligence
- Climate change
- Mental health

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**ANSWERS**

- Act thoughtfully but quickly in making **resource allocation decisions** that attend to priorities and not just maintaining as much of the status quo as possible
- Shore up **organizational compliance**, especially on the most imminent threats, which (for most organizations) are likely the more basic ones (e.g., filings, employment laws) and not those dominating the news
- Do a lawful corporate **document cleanup**, which may save great sums of money, reduce stress, and diminish risks, if faced with a subpoena of records

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**Role of the Board**

- Set direction – mission, vision, values
- Oversee financials, programs, compliance, CEO
- Protect charitable assets
- Ensure sufficient resources related to above

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**Corporate Governance Framework**

**The Board**

- Ultimate authority and responsibility
- Delegation
- Reliance

**The Board Members (Directors)**

- Fiduciary duties
- **Duty of care** (reasonable – prudent person standard)
- **Duty of loyalty** (best interests of the corporation/mission)
- **Duty of obedience** (external and internal compliance)

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### Board Actions

1. Meetings
  - CA – no proxies, no email votes
2. Written consent
  - CA – unanimous (except directors with material financial interest in transaction being voted upon)
  - CA – use of email may be okay if description on all consents is identical and email includes or serves as official signature (get consent from each director)



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### Things Boards Should Do

- Elections
- Budget
- Executive performance
- Mission, articles, bylaws, conflicts of interest
- Programs
- Form 990
- Board composition, committees, performance
- Legal compliance
- Risk management
- Orientations, trainings



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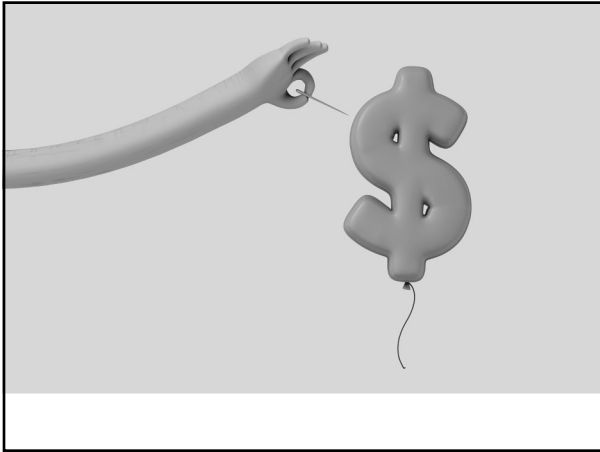
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**Supreme Court of the U.S.**

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2023 decisions effectively ending race-conscious admission programs

Plaintiff: Students for Fair Admissions, Inc. (SFFA)  
Defendant: Harvard  
Defendant: University of North Carolina



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The complex block contains text on the left and a photograph of the Supreme Court building on the right. The text includes the title "Supreme Court of the U.S.", a sub-header "2023 decisions effectively ending race-conscious admission programs", and the names of the plaintiff and defendants. The photograph shows the grand facade of the Supreme Court building with its iconic columns. A small copyright notice "©2026 MEO Law Group" is at the bottom left of the image area.

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**Fearless Fund**

Plaintiff: American Alliance for Equal Rights  
 Defendant: Fearless Fund entities

At issue: An entrepreneurship funding competition open only to businesses owned by black women

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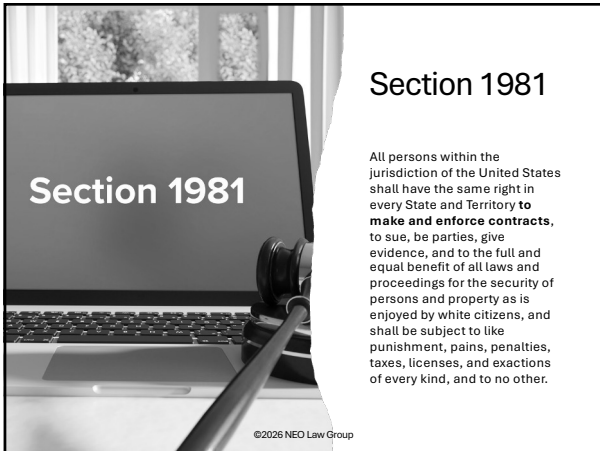
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**Section 1981**

All persons within the jurisdiction of the United States shall have the same right in every State and Territory to **make and enforce contracts**, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens, and shall be subject to like punishment, pains, penalties, taxes, licenses, and exactions of every kind, and to no other.

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**501(c)(3) – “charitable”**

Includes “promotion of social welfare” by organizations that conduct activities to:

- eliminate prejudice and discrimination
- lessen neighborhood tensions
- defend human and civil rights secured by law, or
- combat community deterioration and juvenile delinquency

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## Managing Section 1981


Key elements of a contract:

- At least two parties
- Offer and acceptance
- Exchange of consideration (value)

Avoid requiring return consideration in -

- Gift agreement
- Fellowship
- Scholarship

... if using race as a qualifying or selection criterion



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## Weaponization of Existing Laws, IRS & Other Federal Agencies

- IRS Criminal Investigations
- Focus on support of terrorism (e.g., engaging in violence for the purpose of obstructing federal government policy)
- Focus on electioneering (but not so much for churches)
- Focus on aiding or abetting violations of immigration law
- Focus on gender-affirming care (framed as *surgical castration or mutilation*)



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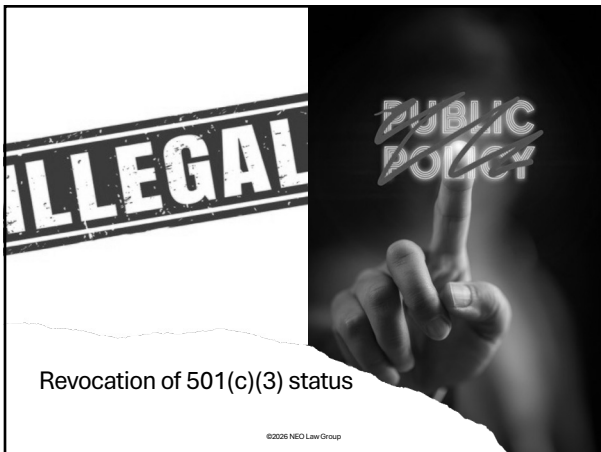
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## Revocation of 501(c)(3) status

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**First Amendment Rights**

- Protections of speech and activity remain intact in principle
- But they may be constrained in practice if the government can plausibly characterize the nonprofit's conduct as material support, coordination, or facilitation of terrorism
- Any attempt to "designate" a domestic nonprofit as a terrorist organization based on protected speech may likely be struck down (e.g., viewpoint discrimination, guilt by association, overbreadth)

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**Federal Funding & Certifications**

- What are the conditions to receiving federal funds?
- What certifications are we required to make before receiving or after spending federal funds?
- What threats exist if someone accuses us of either (1) violating a condition to receiving federal funds or (2) make a false certification in connection with a federal grant/contract?

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