ROUND ROCK
CHRISTIAN
ACADEMY
EST. 1975

RRCA
Board of Directors
Orientation
Manual

RRCA Board of Directors Contact Information

First	Last	Salutation	Bday	Email	Phone	Address	City, State	ZIP
Felecia	Clark	Lewis and Felecia	22-Dec	feleciac04@yahoo.com	512-554-3108	3320 Vintage Drive	Round Rock, TX	78664
David	Fenwick	David	31-Aug	dcfenwick58@gmail.com	512.228.7140	1201 Wolf Canyon Rd APT 1101	Georgetown, TX	78628
Kristi	Haag	Barry and Kristi	21-Dec	haag4bk@gmail.com	512-922-0968	30106 Hamlet Circle	Georgetown, TX	78628
Gregg	Johnson	Gregg and Melissa	18-May	gregg@teamflooringusa.com	512-784-5988	200 Silver Oak Drive	Round Rock, TX	78664
Allan	Keith	Allan and Gail	26-Jan	alandak@aol.com	512.844.3138	201 CR 186	Round Rock, TX	78665
Alexis	Michael	Alexis	14-Jun	alexis.s.michael@gmail.com	512-230-8775	13103 Running Doe Lane	Cedar Park, TX	78613
Kristi	Roark	Edwin and Kristi	12-Feb	kjroark12@gmail.com	512-627-9368	3910 Sequoia Trails West	Georgetown, TX	78628
Clint	Sonnier	Clint and Heather	28-Oct	csonnier@bobcatcivil.com	512-750-5409	204 Silver Oak Drive	Round Rock, TX	78664
Todd	Whitley	Todd and Georgann	10-Jul	todd@edubenefit.com	512.970.8394	343 River Chase Blvd.	Georgetown, TX	78628

Welcome to the Board of the Round Rock Christian Academy (RRCA or the Academy). You will learn that this is a wonderful privilege and a great responsibility. As a board member you will have the opportunity to receive information that will enable you to make decisions that can affect the lives of many people. Together with the other board members you will take action on topics that can impact the very future of the Academy and its students. You have been asked to serve as a board member because of your reputation, life skills, and your evident commitment to Christ. You join a group of other volunteers who have committed their time and talents to ensure that RRCA maintains its corporate purpose and achieves its mission.

As a collective body, the Board of Directors of RRCA has considerable power. These powers are to be exercised for the benefit of others and self-dealing cannot be a reason to accept directorship. As an individual and acting alone, you have little power, but as a member of the Board you can exercise great power in determining corporate actions that will be carried out by the executive management as they serve the students of the Academy. You will learn that as an individual you are legally accountable for corporate actions and have legally protected rights in your decisions as long as you do not knowingly or willfully break the law.

There are some expectations we ask of you as you join the Board. These are requested of all board members and are the minimum expectations for your service:

- **Exercise Your Duty of Care.**

  Your presence is very important. You must attend meetings, participate, and understand the matters that come before the Board. Your duty of care as a director requires your investment of time in order to be informed and to make independent decisions that will come before you.

- **Set the policies that guide the operation of RRCA.**

  You are the body that hears recommendations and makes decisions creating the policies that are implemented by the staff. You will use your skills, knowledge and experience for this critical task as you analyze data or information that is provided or requested by the body as decisions are made.

- **Monitor the fiscal health and well-being of RRCA.**

  You will receive regular financial and program reports from management that you should review and understand before taking any action that leads to new fiscal policies, debt, expansion, or daily operations that could cause disruption in the Academy programs. Your role is not to approve each expenditure, but to assure that finances are being spent effectively to carry out the mission and purpose of RRCA.

- **Think "big picture" in matters that come before you.**

  Your role as a policy maker assumes that you have a duty of care for all aspects of RRCA, but not necessarily to become immersed in the details. You make decisions in good faith and with the approach of prudence and good judgment. You will set the strategic direction of the Academy as you decide on plans and methods to achieve those plans.

- **Support the administration.**

  Your greatest task is to secure the services of the key management for RRCA, evaluate his or her performance and expect him or her to implement the policies approved by the Board. Expect feedback from management but avoid doing the job of management. Remain sensitive to the "chain of command" and avoid taking sides with persons who choose to come directly to you rather than going through proper channels to handle issues.

- **Maintain your Duty of Loyalty.**
  You may be called upon to represent the Academy in community events and to be an ambassador at various functions. Your assistance in fund raising is expected especially in capital campaigns and annual fund programs that supplement the operations of the Academy. A pledge of confidentiality in the handling of donor, financial, personnel, and legal matters is important. Seeking the best interests of RRCA helps to avoid any conflict of interest and creates opportunities that will bless the students that we serve.

In order for you to understand RRCA, below is a brief synopsis of the history, mission, values and our Statement of Beliefs and Philosophy of Education.

HISTORY

Round Rock Christian Academy was formed in 1975 as a Christian preschool. By 1986, the elementary program saw extensive expansion and the high school was added in 1998. In 2005, the school was fully accredited by the Association of Christian Schools International (ACSI) for kindergarten through twelfth grade. RRCA became an independent, mission driven school in January 2011 and received the IRS Determination Letter in March 2012.

In August 2020, the school moved into their new education facility at our current location. As God continued to bless the Academy, an athletic facility was added in March of 2024.

RRCA has had a relationship for more than 50 years with Central Baptist Church (CBC) and currently RRCA leases Central's Worship Center/Gym for weekly chapels and other special programs.

Brief History at a Glance:

1975: King David's preschool was founded
1980: School expanded through second grade
1985: Full elementary program through fifth grade
1990: Student enrollment increased 23% between 1990 and 1994
1996: Addition of Worship Center/Gymnasium to campus
1997: ACSI Accreditation for Kindergarten through eighth grade
1998: Name change to Round Rock Christian Academy
2000: First graduating class
2003: Southern Association of Colleges and Schools (SACS) accreditation, over 300 enrolled
2005: ACSI Reaccreditation, Kindergarten through twelfth grade
2007: Campus expansion with new three-story education facility
2009: Enrollment of over 500 students, addition of four modular classrooms
2010: ACSI Reaccreditation included early childhood through twelfth grade
2010: RRCA Foundation Office was established
2011: RRCA became separate, 501(c) 3 organization
2015: RRCA purchased 9 plus acres from Central Baptist Church
2020: RRCA opened new 49,000 square foot facility (two buildings)
2024: New Crusader Athletic Facility was opened with gymnasium and cafeteria

MISSION, VISION, AND VALUES

Our mission statement is as follows:
Round Rock Christian Academy is a Christ-centered, college-preparatory school equipping and developing students to effectively integrate Biblical truth and academic learning into their daily lives to impact their community for Christ.

The vision statement is:
Round Rock Christian Academy will be the standard for college-preparatory Christian education. In addition to striving for excellence in academics, RRCA exists to equip our students to make a kingdom impact for Christ as they fulfill God's eternal purpose for their lives. In an alliance with parents and the church, we share biblical truth and provide excellence in academics from preschool through twelfth grade that will enable students to discern, embrace, and promote a Christian worldview.

RRCA STATEMENT OF BELIEFS

- We believe the Bible to be the inspired, the only infallible, authoritative, inerrant Word of God (2 Timothy 3:15; 2 Peter 1:21)
- We believe there is only one God eternally existent in three persons - Father, Son and Holy Spirit (Genesis 1:1; Matthew 28:19; John 10:30)
- We believe in the deity of Christ (John 10:33); His virgin birth (Isaiah 7:14; Matthew 1:23; Luke 1:35); His sinless life (Hebrews 4:15; 7:26); His miracles (John 2:11); His vicarious and atoning death (1 Corinthians 15:3; Ephesians 1:7; Hebrews 2:9); His resurrection (John 11:25; 1 Corinthians 15:4); His ascension to the right hand of the Father (Mark 16:19); His personal return in power and glory (Acts 1:11; Revelation 19:11).
- We believe in the absolute necessity of regeneration by the Holy Spirit for salvation because of the exceeding sinfulness of human nature and that men are justified on the single ground of faith in the shed blood of Christ and that only by God's grace and through faith alone we are saved (1 John 3:16-19; 5:24; Romans 3:34; 5:8-9; Ephesians 2:8-10; Titus 3:5).
- We believe in the resurrection of both the saved and the lost, they that are saved unto the resurrection of life, and they that are lost unto the resurrection of condemnation (John 5:28-29).
- We believe in the spiritual unity of believers in our Lord Jesus Christ (Romans 8:9; 1 Corinthians 12:12-13; Galatians 3:26-28).
- We believe in the present ministry of the Holy Spirit who indwells each Christian and enables us to live a godly life (Romans 8:13-24; 1 Corinthians 3:16; 6:19-20; Ephesians 4:30; 5:18). It is our privilege to choose to "walk by the Spirit" and to make choices that reflect submission to God's good design and will.
- We believe that our created sex and sexuality are good gifts from God. We are created in the image of God, male and female. These two distinct, complementary genders together reflect the image and nature of God (Gen 1:26-27). Our gender is an inherent part of this good gift and defined by our biological sex. God has uniquely created each person to live their life as He created them, male or female, to serve and glorify God in their life.
- We believe that the term "marriage" has only one meaning: the uniting of one man and one woman in a single, exclusive union, as delineated in Scripture (Gen. 2:18-25). We believe that God intends sexual intimacy to occur exclusively in marriage between a man and a woman. (1 Cor. 6:18; 7:2-5;

Heb. 13:4). We believe that God has commanded that all believers abstain from any sexual activities outside of a one man, one women martial relationship. All human sexual union outside of marriage between one man and one woman is a distortion of God's good gift and against His commands. (Romans 1:24 -27).

- We believe that any form of sexual immorality is against God's commands (Matt. 15:18-20; 1 Cor. 6:9-10).
- We believe that God offers redemption and restoration to all who confess and forsake their sin, seeking His mercy and forgiveness through Jesus Christ (Acts 3:19-21; Rom. 10:9-10; 1 Cor. 6:9-11).
- We believe that every person must be afforded compassion, love, kindness, respect, and dignity (Mark 12:28-31; Luke 6:31). Hateful and harassing behavior or attitudes directed toward any individual are not acceptable and are not in accord with Scripture nor the doctrines of RRCA.

The core values below highlight our concern for the heart of each child that receives an education at RRCA.

RRCA CORE VALUES

- Demonstrate the importance of salvation and a personal relationship with Christ.
- Create an atmosphere that affirms the value and worth of each child in Christ.
- Empower parents by partnering with them to help each student reach their full potential.
- Discipline in a way that demonstrates value for the child while dealing proactively with the behavior.
- Teach students to be discerning and to learn from a Christian worldview perspective.
- Equip students to develop the Christian character necessary to govern oneself in every aspect of life.
- Encourage purposeful programs that promote a life of serving others.
- Develop students to be positive, productive individuals who desire to spread God's Word to others.

RRCA EXPECTED STUDENT OUTCOMES

Spiritual Discerner

As a spiritual discerner,
- Realize that all have sinned and are in need of developing a personal relationship with Christ.
- Grow beyond the initial steps of a personal relationship with Jesus, developing their faith and seeking His wisdom in their daily walk.
- Know biblical standards and be able to discern His truth.
- Recognize the prompting of the Holy Spirit, realize our lives are a reflection of Christ, and choose not to compromise on God's truth in times of uncertainty.
- Students will confidently share God's word and serve as spiritual leaders for others.

Rational and Critical Thinker

As a rational and critical thinker,
- Learn creative strategies for resourceful problem-solving.
- Pursue and apply knowledge using good judgement.
- Process information as global thinkers who evaluate situations with a Biblical perspective.
- Collaborate with others using critical thinking skills, displaying tenacity and work ethic, both individually and as a team member.
- Use evidence and reputable research sources to support and respectively defend their faith.

Effective Communicator

As an effective communicator,
- Communicate with others using positive verbal and nonverbal skills.
- Respectfully communicate ideas and opinions with empathy and compassion, considering the point of view of others.
- Use written, verbal, and technology skills to create an effective visual and verbal presentation.
- Be able to communicate God's Word and love to others.
- Become an effective, humble, trustworthy listener.
- Approach disagreements with humility and prayer.

Lifelong Learner

As a lifelong learner,
- Develop learning styles and strategies that work well in the pursuit of knowledge.
- Apply new information in all stages of life, cultivating their God-given passions and talents.
- Accept personal strengths and weaknesses; be comfortable with trial and error and constructive criticism.
- Be receptive to wise counsel, seeking quality mentors to help guide decision-making.
- Pursue a relationship with God by remaining in His Word, and share that knowledge with others.

Compassionate, Faithful Servant Leader

As a compassionate, faithful servant leader,
- Honor and respect others, as we are all created in God's image.
- Demonstrate good stewardship by providing care and respect for all of His creation.
- Discern the needs of others, and be willing to serve wherever God calls.

PHILOSOPHY OF CHRISTIAN EDUCATION

The purpose of Round Rock Christian Academy is to equip students to perform their life ministries. We seek to develop the attitude of Christ in the spiritual, mental, and physical areas of each child. A primary goal is teaching the principles of God's Word so that the Holy Spirit can instill Godly character in our students and guide them in making wise decisions. Our role is to support the family in leading students to the understanding of God's creation and His plan for their lives. We believe that this Christian philosophy of educating the whole child--intellectually, physically, and spiritually--produces the Christian leaders of tomorrow.

Spiritual truth is God's desire, and it is His plan that academics be the method whereby students learn about the world He has made. Therefore, we provide a sound academic foundation, integrating character training and biblical principles into each discipline that we teach. We consistently give praise and honor to God, the Creator and source of all knowledge.

Christian school parents play a vital role in the education process, for you are the primary educators. Parental support for the school is essential in the areas of prayer, finances, and time. As partners in education, parents should communicate actively with the school, foster an attitude of support and respect, be involved in the educational process, and be aware of the goals and philosophy of the school. By working with families, we hope to show our students how to live their lives in a right relationship to God through Jesus Christ.

As you begin your service you may have questions, and the following is an attempt to provide guidance on the most common ones. Be sure that you understand these and do not hesitate to ask for further clarification.

Am I a Director or a Trustee?
This is a common question for individuals who accept a place on the Board of a not-for-profit corporation. The answer is yes to both, and the difference is not complicated. RRCA is a legal not-for-profit corporation formed under the laws of the state of Texas and recognized as such by certain sections of the Internal Revenue Code. (See the Appendix for the IRS Information and the Determination Letter) As such, RRCA is a public charity exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code and qualified to receive tax deductible donations. Because we are a legal corporation we must be "owned" or management must be vested in "members." We do not have members, so ownership is vested in persons with "fiduciary" responsibility. In that sense you are a Trustee to whom is entrusted the responsibility to care for the health and well-being of the corporation and its assets. In some instances, certain legal bequests (trusts) will require your performance as a Trustee to ensure that the stipulations of the trust are honored as the donor intended. As a director you have duties that must be discharged in good faith, with ordinary care, and in a manner that you reasonably believe to be in the best interests of the corporation. Those duties fall mainly under three broad categories. The *duty of care* and the *duty of loyalty* have been mentioned. The third is the *duty of obedience* which simply means that you agree to follow all applicable laws and to fulfill your duties under the RRCA governing and policy documents.

What is My Legal Risk?
As you know, anyone can sue anyone else at any time for any reason, but there are laws that serve to retard frivolous lawsuits. RRCA is a corporation that has responsibilities for children during the normal day and during external school activities, thus can be vulnerable to legal action. While not-for-profit corporations can be sued (we carry insurance for that) it is rare for a board or individual Directors to be sued. As a

volunteer you do not carry the same responsibility as compensated staff. In Texas there is statutory protection from liability for volunteers. As a director you can be assured that you have reasonable protection as long as you do not take any action to break the law and act in a manner which you believe to be in the best interests of the Academy. The Texas Business Organizations Code offers some guidance on this. (See the Appendix for the Texas Business Organizations Code) RRCA also has a policy identified as Directors & Officers Insurance that not only provides coverage for you but also offers coverage for employment related matters. Additionally, the Bylaws of RRCA make provision for indemnification. (See the Appendix for the RRCA Bylaws and Article Eight) The key to legal risk is the avoidance of it. In some circumstances it may be advisable for the Board to seek legal or professional counsel to help make decisions.

A new area of risk is tied to recent changes in the Federal law where Directors can be held liable if they knowingly overcompensate key employees. This should not be an issue for RRCA, but you may want to familiarize yourself with this matter. (See the Appendix for IRS Information)

What Are My Rights and Responsibilities?
Along with the aforementioned duties, of care, loyalty, and obedience, as a director you have the right to access information, advance notice of meetings, reasonable access to the corporation's books and records and access to the management of RRCA. Governance best practice suggests that you should avoid any effort to "micromanage" the daily activities of the Academy, but you should have enough knowledge to be able to determine if the Academy is not remaining true to its mission or that an illegal activity is occurring.

What is the Proper Role of the RRCA Board?
As a volunteer, yours is a high calling of service. To put it simply, your greatest tasks while a Director of RRCA are to give oversight by securing and supervising the executive management; to plan the strategy of RRCA and assure that said strategy is being implemented properly and to develop policy and assure that policy is being implemented as approved. Additionally, you may be called upon to perform a special service, such as speaking at an Academy program or being present for a special event. The staff must be conscious of your time and will try not to overwhelm you with these opportunities.

How Long is my Term of Service?
Unless you join the Board during a period of adjustment or to fill an unexpired term, Directors are elected to a three-year term. Terms usually follow the fiscal year, so the new term begins in July and you serve until your term is complete or until your successor is elected.

Who Are the Other Directors?
A list of Directors and their contact information will be made available to you. This will enable you to know your fellow servants and assist you as you may need to contact them for information about and performance of your role with the Board.

When Are the Meetings?
Every attempt is made to keep board meetings on a set schedule and to use a common format. The Board officers may choose the schedule in consultation with the Board and try to be accommodating to each Director. Generally, the Board will meet in the evening so that Directors have time to attend after work or family responsibilities. Committee meetings will be set by the chair of that committee to accommodate the schedule of the members.

How do I Get Information About Meetings?
RRCA has established a Board of Directors website that can be accessed by each Director. It is the goal of the staff to furnish information about upcoming board meetings by placing documents on the website and sending advance notifications to each Director that the documents are ready for viewing. In the event that the website is unavailable, or any Director chooses to have material sent by regular mail that accommodation can be made. (See the Appendix for RRCA Website Information)

What is my Responsibility in Fundraising?
Sources of revenue for the operation of the Academy are tuition, fees, and Annual Fund. Capital needs (usually outside the operating budget) are determined annually, and board approved capital funds will require special campaigns to accomplish the goals. Your role will vary according to your wishes, skills, availability and so forth. Every Director is asked to be a "fundraiser." What that simply means is that all fundraising efforts begin with you. When you give personally it shows others that you believe in the work of the Academy enough to support it. The amount of your gift is entirely up to you and is always confidential unless you choose to share in some type of challenge effort. Who you know is also important to the staff responsible for fundraising. Your information may be invaluable in securing a gift for the Academy. Remember that Proverbs 25:11 says, *"Like apples of gold in settings of silver is a word spoken in right circumstances."* You may also bring potential donors to the attention of development staff or introduce them to RRCA by your words of support and encouragement for them to get involved. All of these efforts represent support of the Academy, and the students will be blessed by a vibrant quality education of which you will be proud.

Do I Serve on a Committee?
The Board operates by a standing committee structure. These committees are specified in the bylaws and the composition is determined by the Chairperson of the Board. (See the Appendix for the RRCA Bylaws and Article Three) Each standing committee has a definite purpose and function. Each committee hears matters that can eventually come to a Board meeting for report or action. You can express your interest in any committee and serve there unless needed on another committee. Ad hoc committees may arise during the course of business, and you could be asked to assist with that effort.

What is the Future of RRCA?
With the Academy's move to updated facilities in 2020, we are able to continue to provide a quality education to our student body. However, the Board will continue to use Godly wisdom in terms of funding and strategic planning that will direct the future of RRCA. Those decisions will come after much prayer, discussion and planning by the staff and board. As the Academy has grown, it will require consideration of our families who depend on the Academy for their education and future goals.

And Finally
This orientation material is not meant to be comprehensive. Please be advised that you are encouraged to ask questions and to become totally involved in the functions and goals of RRCA. You assist every other Director in fostering an environment where you encourage each other much like a family and offer great encouragement to the leadership staff that bears the daily responsibility for the Academy's operations. The Board meeting atmosphere and RRCA accomplishments depend on each Director as he or she prays for the students, their families, and the staff, as well as gives the time necessary to ensure the success of this great school. Together we can make dreams become reality. May God bless our efforts!

Appendix

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RRCA Board Orientation Manual

Table of Contents

Board of Directors Manual

Section 1

Legal Documents

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 02 2012

RR CHRISTIAN ACADEMY
301A N LAKE CREEK DR
ROUND ROCK, TX 78681

Employer Identification Number:
27-3922644
DLN:
401221050
Contact Person:
KAREN A BATEY ID# 31641
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(ii)
Form 990 Required:
Yes
Effective Date of Exemption:
November 10, 2010
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

RR CHRISTIAN ACADEMY

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Publication 4221-PC

April 25, 2012

Mr. Christopher G. Hildreth
Leffingwell & Associates, PC
211 W. Bagdad Avenue
Round Rock, Texas 78554

RE: RR CHRISTIAN ACADEMY

Dear Mr. Hildreth:

We received your application for exemption, and the exemption has been granted. After our system update tonight, you and/or vendors that require verification of the exemption may use our search located online at http://window.state.tx.us/taxinfo/exempt/exempt_search.html.

RR Christian Academy is exempt from the Texas franchise tax effective Nov. 10, 2010, and from the Texas sales and use tax effective April 11, 2012 as a 501(c)(3) organization. The exemption does not extend to the hotel occupancy tax.

We have assigned Texas taxpayer number 32042999790 to the organization. Please reference this number in correspondence with us. The assignment of the taxpayer number does not mean the organization is permitted to collect or remit Texas taxes. Exempt organizations must collect taxes on most of their sales. Please give our Tax Assistance section a call at 800- 252-5555 if you need a sales tax permit.

The sales tax exemption extends to goods and services purchased for use by your organization. The exemption does not apply if the purchase is for the personal benefit of an individual or private party, or is not related to the organization's exempt purpose. For more information, please see our publication # 96-122, Exempt Organizations – Sales and Purchases.

A valid exemption certificate (form 01-339/Back) can be issued instead of paying tax when buying taxable items necessary to the exempt purpose of the organization. The exemption certificate does not need a taxpayer number to be valid, but you may provide your taxpayer number if the seller requests it. The exemption certificate can be obtained online at www.cpa.state.tx.us/taxinfo/taxforms/01-339.pdf.

Changes to the organization's registered agent and registered office address must be filed with the Texas Secretary of State. The changes can be made online at www.sos.state.tx.us/corp/sosda/index.shtml or you can download the forms and instructions from www.sos.state.tx.us/corp/forms_option.shtml. You can also contact them at corpinfo@sos.state.tx.us or by calling (512) 463-5582. It is important to maintain current registered agent information, because this is how we will contact you if we have reason to believe that your organization no longer qualifies for exemption.

Our goal is to provide you with prompt, professional service. Please take a moment to complete our on-line survey at aixtcp.cpa.state.tx.us/surveys/tpsurv2/index.html.

Sign up for ongoing email updates for any tax or subject you are interested in. Join an email group online at www.window.state.tx.us/subscribe.

If you have any questions, write to us at exempt.orgs@cpa.state.tx.us or P. O. Box 13528, Austin, Texas 78711-3528, or call us at 800- 531-5441, ext.34640. The fax number is 512- 475-1598. Also, our publications and other helpful information are online at www.window.state.tx.us/taxinfo/exempt. You may also contact me via e-mail below if you have any questions.

Sincerely,

Bonnie Carrasco

Bonnie Carrasco
Exempt Organizations Section
Texas Comptroller of Public Accounts
P. O. Box 13528
Austin, TX 78711-3528
(800) 531-5441, ext. 34640
In Austin-463-4640
fax (512) 475-1598
bonnie.carrasco@cpa.state.tx.us

AMENDED AND RESTATED BYLAWS

OF

ROUND ROCK CHRISTIAN ACADEMY

THESE AMENDED AND RESTATED BYLAWS OF ROUND ROCK CHRISTIAN ACADEMY (these "Bylaws") are dated effective March 22, 2012 and shall govern the operation of RR CHRISTIAN ACADEMY, a Texas non-profit corporation d/b/a ROUND ROCK CHRISTIAN ACADEMY (the "Corporation").

W I T N E S S E T H:

WHEREAS, the Corporation, was formed pursuant to those certain Bylaws of RR CHRISTIAN ACADEMY, dated effective November 10, 2010 (the "Original Bylaws"), and pursuant to that certain Certificate of Formation filed in the Office of the Secretary of State of the State of Texas on November 10, 2010; and

WHEREAS, subject to the terms, conditions, and provisions set forth herein, the Board of Directors of the Corporation (the "Board") desires to amend and restate the Original Bylaws.

NOW, THEREFORE, the sole shareholder and director of the Corporation hereby agree as follows:

ARTICLE ONE

NAME, PURPOSES, POWERS AND OFFICES

Section 1.1. Name. The name of the Corporation is RR Christian Academy and shall do business as Round Rock Christian Academy.

Section 1.2. Purposes. The Corporation is organized and shall be operated exclusively for scientific, educational, literary or charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or the corresponding section of any future federal tax code. Within the scope of the foregoing purposes, but not by way of limitation thereof, the Corporation shall operate and develop a Christian-based school and school system and other related educational purposes. The objectives of the Corporation are founded on belief that the educational process in a Christian school is dependent on a biblical philosophy that provides the right worldview and essential truths for life so that students may be prepared to assume their proper place in the home, church and state. The Corporation may conduct other activities not in contravention of the Texas Business Organizations Code or of its Certificate of

Formation necessary or appropriate to carry out the foregoing purposes. The Corporation hereby pledges its assets and properties for use in performing its exempt functions.

Section 1.3. Powers. The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Texas Business Organizations Code; provided, however, the Corporation shall neither have nor exercise any power, nor engage directly or indirectly in any activity, that would invalidate its status as an organization that is exempt from federal income tax as an organization described in Section 501(c)(3) of the Code.

Section 1.4. Offices. The location of its principal office shall be in Round Rock, Texas. 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, as required by the Texas Business Organizations Code. The 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.

Section 1.5 Registered Agent. The name of the registered agent is Rebecca K. Blauser. The address of the Corporation is 301-A North Lake Creek Drive, Round Rock, Texas 78681.

ARTICLE TWO

BOARD OF DIRECTORS

Section 2.1. General Powers. The activities, property and affairs of the Corporation shall be managed by its Board, who may exercise all such powers of the Corporation and do all such lawful acts and things as are permitted by statute, by the Certificate of Formation or by these Bylaws.

Section 2.2. Number and Qualifications. The Board shall consist of such number of Directors as shall be determined from time to time by resolution of the Directors; provided, that at no time shall the number of Directors be fewer than three (3), and no decrease in number shall have the effect of shortening the term of any incumbent Director. Each Director shall be an active Christian who commits to help set the spiritual tone of the Corporation, will pray both individually and corporately for the faculty, staff, parents, and students of the Corporation, and expresses a dependence on God in matters of decision and leadership.

Section 2.3. Term of Office. The Directors shall serve for a term of three (3) years and may serve consecutive three (3) year terms. To the extent possible, the terms of the Directors shall be staggered, and one third of the Directors shall be elected each year. Unless elected to fill a mid-term vacancy, each Director shall hold office immediately upon their election and serve until their term expires and their successor is chosen and qualified.

Section 2.4. Election. Potential Director candidates shall be presented for approval to the Board by the Director Recruitment Committee at the annual meeting or any other meeting when necessary to fill a vacancy.

Section 2.5. Filling of Vacancies. Any vacancy occurring in the Board resulting from the death, resignation, retirement, disqualification or removal from office of any Director shall be filled upon recommendation by the Director Recruitment Committee to the Board at any regular meeting. Any Director elected to fill a vacancy shall hold office until the expiration of the remaining term of the vacating Director, and until such newly elected Director's successor is chosen and qualified, or until such newly elected Director's earlier death, resignation, retirement, disqualification or removal from office.

Section 2.6. Removal. Individual members of the Board may be removed, either for or without cause, at any meeting of the Board by a two-thirds vote of a majority of the number of Directors then in office, if notice of the intention to act upon such matter shall have been given in the notice of such meeting.

Section 2.7. Place of Meetings. Meetings of the Board shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 2.8. Annual Meetings. An annual meeting of the Board shall be held in June of each year, at such time and place as shall be determined by the Board. At such annual meeting, the Directors shall elect the officers of the Corporation and conduct such other business as may be necessary or advisable. Written notice of the place, date and time of each annual meeting of the Board shall be delivered to each Director then in office not less than ten (10) nor more than 60 days before the date of such meeting, at such Director's address as it appears on the books of the Corporation at the time such notice is given.

Section 2.9. Special Meetings. Special meetings of the Board may be called by the Chairperson of the Corporation upon not less than four (4) days notice to each Director. Special meetings shall be called by the Chairperson in like manner and on like notice on the written request of three (3) or more Directors. Except as otherwise provided by statute, by the Certificate of Formation or by these Bylaws, 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.

Section 2.10. Quorum and Manner of Acting. At all meetings of the Board the presence of a majority of the number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, by the Certificate of Formation or by these Bylaws. Directors present by proxy may not be counted toward a quorum. The act of a majority of the voting Directors present in person or by proxy at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number is required by statute, by the Certificate of Formation or by these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. A Director may vote in person or by proxy executed in writing by the Director. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. If a quorum shall not be present at any meeting of the Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum shall later be present, any business may be transacted which might have been transacted at the meeting as originally convened.

Section 2.11. Directors' Compensation and Reimbursement. Directors may not receive compensation for their services as Directors or as members of a standing or special committee of the Board, but may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the Board. A member of the Board may serve the Corporation in another capacity and receive compensation therefore.

Section 2.12. Meetings By Telephone or Other Remote Communications Technology. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board or members of any committee designated by the Board may, unless otherwise restricted by statute, by the Certificate of Formation or by these Bylaws, participate in and hold a meeting by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by using any other suitable electronic communications system, including video conferencing technology or the Internet (but only if, in the case of such other suitable communications system, each member entitled to participate in the meeting consents to the meeting being held by means of that system, and the system provides access to the meeting in a manner or using a method by which each member participating in the meeting can communicate concurrently with each other participant). Participation in a meeting pursuant to this Section 2.12 shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

COMMITTEES

Section 3.1. Committees of Directors. The Board by resolution adopted by a majority of the Directors in office may designate one or more committees which to the extent provided in said resolution, shall have and exercise the authority of the Board in the management of the Corporation. Each such committee shall consist of two (2) or more persons. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed on the Board or such Director by law.

Section 3.2. Advisory Boards or Committees. Advisory boards or committees not having and exercising the authority, responsibility or duties of the Board in the management of the Corporation may be designated by a resolution adopted by the Directors. Except as otherwise provided in such resolution, members of each such advisory board or committee need not be Directors of the Corporation. The Chairperson shall appoint the members of such advisory boards or committees. Any member thereof may be removed by the Chairperson whenever in the Chairperson's judgment the best interests of the Corporation shall be served by such removal.

Section 3.3. Standing Committees. Without limitation on the generality of Sections 3.1 and 3.2 hereof, the Corporation may have the following standing committees, of which the Chairperson shall be an ex-officio member:

(A) The Executive Committee. One committee of the Corporation may be an Executive Committee, whose responsibilities may include conducting the business of the Corporation between Board meetings, approving the draft agenda for meetings, advising the Chairperson in his or her decisions, assuring that Directors receive notice of meetings, and evaluating the overall performance and function of the Board. The Executive Committee also serves as the *Compensation Committee.* The Executive Committee may include, but is not limited to, elected officers and the chairpersons of standing committees. The Chairperson of the Board shall serve as the chairperson of the Executive Committee.

(B) Finance Committee. One committee of the Corporation may be the Finance Committee, whose responsibilities may include the regular receipt and review of more detailed financial reports, receiving the annual budget draft and presenting to the Board for approval, bringing business matters to the Board for approval, and serving as the *Audit Committee.* The Finance Committee works with management to implement audit recommendations and presents audit report to the Board for approval.

(C) Governance Committee. One committee of the Corporation may be a Governance Committee, whose responsibilities may include the review of all Board operations and recommending improvements in structure. The Governance Committee considers the performance or attendance of Directors for removal or reelection, acts as the officer nominating committee, and serves as the *Director Recruitment Committee* to bring nominees to the Board for election.

(D) Education Committee. One committee of the Corporation may be an Education Committee, whose responsibilities may include the receipt of regular reports from the Head of School regarding matters affecting the strength and quality of the educational program, providing opportunities for patron input, conducting the annual review for the Head of School, presenting the contract for the Head of School to the Board for approval and representing the Board in the accreditation process.

(E) Development Committee. One committee of the Corporation may be the Development Committee which works closely with the Development Office in fund raising plans approved by the annual budget, capital projects, marketing plans, considers staff recommendations for future growth, brings action items to the Board for approval, and maintains liaison relationship with the RRCA Foundation.

(F) Spiritual Committee. One committee of the Corporation may be the Spiritual Committee that works with the Board and staff to assure that Christian values and principles undergird the foundation of the school and seeks ways to involve the Christian community in the support of the school's spiritual activities. The Spiritual Committee enlists annually a voluntary Chaplain who agrees to pray daily for students, families, faculty and staff, leads in special religious programs and serves as spiritual advisor to families when needed. The Spiritual Committee will enlist members from each family related church to participate in a *Prayer Partners Group* that prays for the well being and blessings of students, families, faculty, and staff.

Section 3.4. Term of Office. Each member of a standing committee or advisory board or committee shall continue as such until the next annual meeting of the Directors of the Corporation and until such member's successor is appointed, unless the advisory board or committee is sooner terminated, or unless such member is removed from such advisory board or committee or shall cease to qualify as a member thereof.

Section 3.5. Chairperson. Unless otherwise designated by these Bylaws, one or more members of each standing committee or advisory board or committee shall be appointed chairperson, or co chairperson, by the person or persons authorized to appoint the members thereof.

Section 3.6. Vacancies. Vacancies in the membership of any standing committee or advisory board or committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 3.7. Quorum; Manner of Acting. Unless otherwise provided in the resolution of the Board designating a standing committee or advisory board or committee, a majority of the whole board or committee shall constitute a quorum, and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the board or committee.

Section 3.8. Rules. Each standing committee or advisory board or committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board.

ARTICLE FOUR

NOTICES

Section 4.1.. Manner of Giving Notice. Whenever, under the provisions of any statute, the Certificate of Formation or these Bylaws, notice is required to be given to any Director or committee member of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to require personal notice, but any such notice may be given in writing by hand delivery, by facsimile transmission, by electronic mail or other electronic communication if permitted by the Texas Business Organizations Code or by United States mail, postage prepaid, addressed to the Director or committee member at such person's address as it appears on the records of the Corporation. Any notice required or permitted to be given by United States mail shall be deemed to be delivered at the time when the same shall be thus deposited in the United States mail, as aforesaid. Any notice required or permitted to be given by facsimile or by electronic mail shall be deemed to be given upon successful transmission of such facsimile or of such electronic mail.

Section 4.2. Waiver of Notice. Whenever any notice is required to be given to any Director or committee member of the Corporation under the provisions of any statute, the Certificate of Formation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE FIVE

OFFICERS, EMPLOYEES AND AGENTS:

POWERS AND DUTIES

Section 5.1. Elected Officers. The elected officers of the Corporation shall include a Chairperson, Vice Chairperson, Secretary, Treasurer, and such other officers as may be determined from time to time by the Board.

Section 5.2. Election. So far as is practicable, all elected officers shall be elected by the Board at each annual meeting thereof.

Section 5.3. Appointive Officers. The Board may also appoint one or more other officers and assistant officers and agents as it shall from time to time deem necessary, who shall hold such titles, exercise such powers, perform such duties, and are compensated in such manner as shall be set forth in these Bylaws or determined from time to time by the Board.

Section 5.4. Two or More Offices. Any two (2) or more offices may be held by the same person, except that the Chairperson and the Secretary shall not be the same person.

Section 5.5. Officers' Compensation and Reimbursement. Officers who are members of the Board may not receive compensation for their services as officers, but may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the officers if such expenses are not otherwise reimbursed as provided herein. Appointive Officers may receive compensation for their services as an officer and may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the officers if such expenses are not otherwise reimbursed as provided herein.

Section 5.6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until the next annual meeting of the Board of the Corporation immediately following such officer's election and until such officer's successor is chosen and qualified in such officer's stead, or until such officer's earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board without the necessity of periodic reappointment. Any officer may be removed at any time by the Board whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, of any, of the officers so removed. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board.

Section 5.7. Chairperson. The Chairperson shall be a member of the Board and shall preside when present at meetings of the Board, and in general exercise all the powers usually appertaining to the office of chairman of the board of a corporation, except as otherwise provided by statute, the Certificate of Formation or these Bylaws. In the absence or disability of the

Chairperson, the duties of such office shall be performed and the powers may be exercised by the Vice Chairperson, unless otherwise determined by the Chairperson or the Board.

Section 5.8. Vice Chairperson. The Vice Chairperson shall be a member of the Board and shall generally assist the Chairperson and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Chairperson or the Board.

Section 5.9. Secretary. The Secretary shall be a member of the Board and shall see that notice is given of all annual and special meetings of the Board and shall keep and attest true records of all proceedings at all meetings of the Board. The Secretary shall have charge of the corporate seal and shall have authority to attest any and all instruments of writing to which the same may be affixed. The Secretary shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. The Secretary shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the absence or disability of the Secretary, the duties of such office shall be performed and the powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the Chairperson or the Board.

Section 5.10. Assistant Secretaries. Each Assistant Secretary, if any, shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Secretary, the Chairperson or the Board.

Section 5.11 Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangements and classification; shall supervise the accounting and auditing practices of the Corporation and shall have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board shall from time to time direct or as shall be selected in accordance with procedures established by the Board; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Corporation. The Treasurer shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Board. The Treasurer has the authority to delegate to any person or entity to assist in or manage the accounting and financial aspects of his position.

In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by any officer whom the Chairperson authorizes to act in such capacity.

Section 5.12. Accounting Supervisor. The Accounting Supervisor, if any, shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Treasurer or the Board.

Section 5.13. Assistant Treasurers. Each Assistant Treasurer, if any, shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Treasurer or the Board.

Section 5.14. Additional Powers and Duties. In addition to the foregoing specially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Formation or these Bylaws, or as the Board may from time to time determine or as may be assigned by any competent superior officer.

ARTICLE SIX

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 6.1. Contracts. The Board may authorize any officer or officers, or agent or agents, of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6.2. Checks, Drafts or Orders for Payment. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 6.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select or as may be selected in accordance with procedures established by the Board.

Section 6.4. Conflicts of Interest. At its formation on February 5, 2011 the Corporation approved a Conflict of Interest Policy to protect the Corporation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Director or key employee of the Corporation or might result in a possible excess benefit transaction. The policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. An annual statement shall be signed by each Director, principal officer or member of a committee with Board delegated governing powers at the annual meeting of the Corporation and shall be kept on file until the next annual meeting.

ARTICLE SEVEN

ACTIONS WITHOUT MEETINGS

Section 7.1. Unanimous Consent. Any action required or permitted to be taken at any meeting of the Board or the members of a committee may be taken without a meeting if a consent in writing setting forth the action to be taken shall be signed by all of the Directors or all of the committee members, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document.

Section 7.2. Other Action Without a Meeting. Any action required or permitted to be taken at any meeting of Directors or committee members may be taken without a meeting, if a consent or consents in writing, setting forth the action so taken, shall be signed by a sufficient number of Directors or committee members, as the case may be, as would be necessary to take the action at a meeting at which all the Directors or the members of the committee were present and voting, so long as at least 24 hours' notice of the proposed action is sent to each Director or each committee member at the address or facsimile number of such Director or committee member that appears in the records of the Corporation. Prompt notice of the taking of any action by the Directors or the members of a committee without a meeting by less than unanimous written consent shall be given to those Directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the Directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. An electronic transmission by a Director or committee member, or a photographic, Photostatic, facsimile or similar reproduction of a writing signed by a Director or committee member, shall be regarded as signed by the Director or committee member for purposes of this Section 7.2.

ARTICLE EIGHT

MISCELLANEOUS

Section 8.1. Books and Records. The Corporation shall keep current and complete books and records of accounts and shall also keep minutes of the proceedings of its Board and any committee having any authority conferred by the Board and shall keep at the registered or principal office a record giving the names and addresses of its Board members.

Section 8.2. Dispute Resolution. The Board shall ensure that each contract and non-contract for employment and all employment handbooks shall contain language for dispute resolution as follows:

"The parties to this agreement are Christians and believe that the Bible commands them to make every effort to live at peace and to resolve disputes with one another in private or within the Christian community in conformity with the biblical injunctions of I Corinthians 6:1-8, Matthew 5:23-24. Therefore, the parties agree that any claim or dispute arising out of, or related to, this agreement or any aspect of the employment relationship, including claims under federal, state, and local statutory or common law, the law of contract, and law of tort, shall be settled by biblically based mediation. If resolution of the dispute and reconciliation do not result from mediation, the matter shall then be submitted to an independent and objective arbitrator for binding arbitration. The parties agree that the mediation and arbitration process will be conducted in accordance with the 'Rules of Procedure for Christian Conciliation' (Rules) contained in the Peacemaker Ministries booklet *Guidelines for Christian Conciliation*. Consistent with these Rules each party to the agreement shall agree to the selection of the arbitrator. The parties agree that if there is an impasse in the selection of the arbitrator, the Institute for Christian Conciliation division of Peacemaker Ministries in Billings, Montana, (406-256-1583) shall be asked to provide the name of a qualified person who will serve in that capacity. Consistent with the Rules, the arbitrator shall issue a written opinion within a reasonable time. The parties to this contract agree that these methods shall be the sole remedy for any controversy or claim arising out of the employment relationship or this agreement, and they expressly waive their right to file a lawsuit against one another in any civil court for such disputes, except to enforce a legally binding arbitration decision. The parties to the agreement have had an opportunity to consult legal counsel before signing this agreement. The parties agree that the Corporation shall be responsible for the costs of the arbitrator."

Section 8.3. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of July, and end on the last day of June of each year.

Section 8.4. Corporate Seal. The Corporation's seal shall be in such form as shall be adopted and approved from time to time by the Board. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 8.5. Rules of Order. Meetings of the Board shall be governed by Robert's Revised Rules of Order.

Section 8.6. Invalid Provisions. If any part of these Bylaws shall be held invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall remain valid and operative.

Section 8.7. Indemnification. Each person who acts as a member of the Board or officer of the Corporation shall be indemnified by the Corporation against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him/her in connection with any civil or criminal action, suit or proceeding in which he/she may be named as a party defendant by reason of his/her being or having been such member of the Board or officer or by reason of any action alleged to have been taken or omitted by him/her in either such capacity and any person who, at the request of the Corporation, acts as member of the Board or officer of any of its subsidiaries or affiliate shall likewise be indemnified by the Corporation against such costs, expenses and liabilities; provided that, in any case, the right of indemnification herein provided for shall not extend to any costs, expenses or liabilities imposed upon or incurred by any member of the Board or officer of the Corporation or of any subsidiary or affiliate in relation to matters as to which he or she shall be finally judged to be liable to the Corporation, subsidiary, or affiliate for negligence or misconduct in the performance of his or her duties as such member of the Board or officer or to any sum paid by him or her to the Corporation or to such subsidiary or affiliate, as the case, may be, in settlement of any action, suit or proceeding based on his/her alleged dereliction of duty.

Section 8.8. Liability Insurance. The Corporation may procure liability insurance for any one accident or occurrence protecting itself, any subsidiary or affiliate and each of its members of the Board and officers from any cost, expenses and liabilities for which the Corporation may be liable or for which it is required to indemnify any member of the Board or officer under Section 8.7.

ARTICLE NINE

PERSONNEL

Section 9.1 Head of School. The Head of School shall be appointed by the Board and shall be a Christian that subscribes without reservation to the school's Statement of Faith and Philosophy of Education. As a Christian role model the Head of School is expected to be an exemplary leader within the educational program and the community. His or her qualifications, responsibilities, supervision and annual review are defined by a job description approved by the Board. The Head of School is appointed by a written contract approved by the Board.

Section 9.2 Faculty and Staff. Individuals serving as the faculty and staff shall be Christians who subscribe without reservation to the school's Statement of Faith and Philosophy of Education. Each individual shall be a Christian role model in the school and community. Written contract approval, responsibilities, supervision, and review procedures are defined in job descriptions approved by the Board.

ARTICLE TEN

AMENDMENTS

Section 10.1 Amendment of Bylaws. These Bylaws may be amended or repealed, or new bylaws may be adopted, at any meeting of the Board at which at least seventy-five percent (75%) of the number of Directors in office is present by the affirmative vote of at least seventy-five percent (75%) of the number of Directors in office, provided at least four (4) days notice of the proposed amendment, repeal or adoption be given.

Certificate of Secretary

The undersigned, being the duly elected and qualified Secretary of the Corporation, hereby certifies that the foregoing Amended and Restated Bylaws of the Corporation were duly adopted by the Board of the Corporation on February 13, 2013.

________________________________, Secretary

POLICY ON CONFLICTS OF INTEREST AND DISCLOSURE OF CERTAIN INTERESTS

OF

RR CHRISTIAN ACADEMY

(a Texas non-profit corporation)

Article I
Purpose

The purpose of the conflict of interest policy is to protect RR CHRISTIAN ACADEMY, a Texas non-profit corporation (the **"Corporation"**) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member, officer, director, or key employee of the Corporation or might result in a possible excess benefit transaction. The fundamental principles are full disclosure of potential conflicts of interest, abstention of the interested person from any action by or on behalf of the Corporation where a conflict exists, and the making of all such decisions solely on the basis of the best interests of the Corporation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II
Definitions

1. **Interested Person.** Any member, director, principal officer, key employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement.

b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

3. **Compensation.** Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. **Determination.** A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee determines that a conflict of interest exists.

Article III
Procedures

1. **Duty to Disclose.** It is the policy of the Corporation to assure that any conflicts of interest or potential conflicts of interest are fully disclosed to the Board of Directors (the "board") or relevant committee before a decision is made or before the Corporation enters into a proposed transaction. In connection with any actual or possible conflict of interest, an interested person must fully disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the members of the governing board and the members of committees with governing board delegated powers considering the proposed transaction or arrangement. It shall be the continuing responsibility of all directors and officers to review their outside business or professional interests, personal interests, and family and other relationships for actual or potential conflicts of interest with respect to the Corporation, and where such conflicts exist or arise, to immediately disclose to the board the nature of the interest or relationship.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists. For purposes of this policy, the following financial interests shall not be deemed to be or create a conflict of interest: checking, savings or investment accounts, individual retirement accounts, pension or retirement plan accounts or payments, or loans of an interested person that are held or made by an independent financial or investment institution in the normal and ordinary course of its retail business with the general public where the interested person receives no more favorable treatment than is available to the public or other non-interested persons.

3. **Procedures for Addressing the Conflict of Interest.**

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. In the event all members of the governing board or committee are interested persons, the governing board or committee shall obtain and examine comparable data on all proposed transactions or arrangements involving the possible conflict of interest.

c. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

d. After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested members, directors, or committee members whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Alternative Procedure for Addressing the Conflict of Interest.** If the members of the governing board or committee determine that all of them are unable, with respect to a particular transaction or arrangement, to act in an objective manner, the members or the governing board or committee may appoint a committee comprised of advisors to the Corporation, including the Corporation's accountants, attorneys, or other individuals as selected by the members, to review any particular transaction or arrangement and make a recommendation to the governing body or committee with respect to the adoption of the particular transaction or arrangement. Such advice is not intended to relieve the governing body or committee from exercising its governance obligations but rather is intended to provide an objective review to assist the governing body or committee.

5. **Violations of the Conflicts of Interest Policy.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each member, director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,

2. Has read and understands the policy,

3. Has agreed to comply with the policy, and

4. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

BOARD OF DIRECTORS
POLICY MANUAL
ROUND ROCK CHRISTIAN ACADEMY

Adopted April 2017
Revised September 2018
Revised June 2024

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POLICY TYPE: ENDS
POLICY TITLE: MISSION AND EDUCATIONAL PHILOSOPHY STATEMENT

POLICY 1.0 The purpose of Round Rock Christian Academy is to operate a Christian School that provides students with a Christ-centered, college-preparatory education consistent with biblical principles and teaching, through discipleship, Bible oriented curriculum, instruction, and personal example to prepare them to impact their community through productive citizenship, vocation, and the fulfillment of God's purpose for their life.

Accordingly, the Head of School shall not:

1.1 Deviate from the mission of Round Rock Christian Academy which is to produce disciples, scholars, and leaders.

1.2 Fail to produce, review, and implement clear statements of vision, values, and a specific educational philosophy of education that will provide the framework within which the academic functioning of the Academy will operate.

1.3 Fail to lead a systematic and periodic review of the vision, mission, values, and philosophy of education for the Academy.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY TITLE: GENERAL EXECUTIVE CONSTRAINT

POLICY 2.0 The Head of School shall not cause nor allow any practice, activity, decision or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics or in violation of the Statement of Faith of Round Rock Christian Academy.

2.1 Treatment of students/families: With respect to interactions with students/families or potential students/families, the Head of School shall not cause or allow conditions, procedures, communications, or decisions which are unsafe, undignified, unnecessarily intrusive, unbiblical, or that fail to provide appropriate confidentiality.

2.2 Treatment of employees/volunteers: With respect to the treatment of current or prospective paid staff and/or volunteers the Head of School may not cause or allow conditions which are unjust, unlawful, unsafe, unbiblical, undignified or lacking appropriate confidentiality.

2.3 Financial Planning/Budgeting: Financial planning for any fiscal year shall not deviate materially from the board's Ends priorities or any budgetary guidelines adopted by the board, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

2.4 Financial Condition/Activities: With respect to the actual, ongoing financial condition and activities, the Head of School shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies.

2.5 Asset Protection: The Head of School shall not allow Academy assets to be unprotected, inadequately maintained or unnecessarily risked.

2.6 Emergency Head of School Succession: In order to protect the board from sudden loss of Head of School services, the Head of School shall not fail to designate and inform the board of several individuals who will be familiar with board and Head of School issues and processes.

2.7 Compensation & Benefits: With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the Head of School shall not cause or allow jeopardy to fiscal integrity or Christian testimony.

2.8 Board Communication/Support: The Head of School shall not permit the board to be uninformed or unsupported in its work.

2.9 Academy Programs/Service: With respect to the programs and services provided by the Academy, the Head of School shall not fail to ensure that these programs and services meet or exceed industry standards for excellence and are consistent with the philosophy and values of Round Rock Christian Academy in program quality and safety.

2.10 Fundraising: The Head of School shall not allow fund-raising that violates biblical principles; insufficient to meet the pre-agreed needs, or not aligned with accomplishing the Ends of Round Rock Christian Academy.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF STUDENTS/FAMILIES

POLICY 2.1 With respect to interactions with students/families or potential students/families, the Head of School shall not cause or allow conditions, procedures, communications, or decisions which are unsafe, undignified, unnecessarily intrusive, unbiblical, or which fail to provide appropriate confidentiality.

Accordingly, the Head of School shall not:

2.1.1 Information Privacy: Use methods of collecting, reviewing, transmitting, or storing student/family information that fails to protect against improper access to the material elicited.

2.1.2 Individual Privacy: Maintain facilities that fail to provide a reasonable level of privacy, both visual and auditory.

2.1.3 Policy Clarity: Operate without clear policies as defined in the parent/student handbooks and on matters of general interest to students and parents in order to establish with them a clear understanding of what may be expected and what may not be expected from the service offered.

2.1.4 Grievance Process/Policy: Fail to provide a biblical grievance process and inform students/families of this policy.

2.1.5 Partnership with Parents/Guardians: Fail to operate in partnership with Round Rock Christian Academy parents/guardians.

2.1.6 Respect: Fail to show respect to students/families and potential students/families.

2.1.7 Communication: Fail to consistently and strategically communicate with students/families.

2.1.8 Admission: Enroll families who do not meet the Academy's current admission requirements.

2.1.9 Relevant Forms: Use application forms that elicit information for which there is no clear necessity.

2.1.10 Abuse/Harassment Policies. Fail to operate without appropriate child abuse and sexual harassment policies.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF STAFF

POLICY 2.2 With respect to the treatment of current or prospective paid staff and/or volunteers, the Head of School may not cause or allow conditions which are unjust, unlawful, unsafe, unbiblical, undignified or lacking appropriate confidentiality.

Accordingly, the Head of School shall not:

2.2.1 Personnel Policies: Operate without written personnel policies that clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions.

2.2.2 Discrimination Against Staff: Discriminate against any staff member for using biblically consistent methods to express ethical/moral dissent concerning superiors.

2.2.3 Staff Appeals to the Board: (1) Prevent staff from grieving to the board when internal grievance procedures have been exhausted and the employee alleges that board policy has been violated to his/her detriment, or (2) fail to acquaint staff with this policy.

2.2.4 Staff Selection: Fail to employ teachers that meet the current minimum requirements for teaching at RRCA.

2.2.5 Nepotism: Employ staff and teachers that violate the RRCA nepotism policy as then adopted by the board.

2.2.6 Board Member Preference: Fail to communicate to the staff that neither board members nor their children should be treated any differently than any other parent or student.

2.2.7 Staff Preference: Fail to communicate to the staff that neither employees nor their children should be treated any differently than any other parent or student.

2.2.8 Staff Monitoring and Performance Reviews: Fail to monitor the work of each staff member and provide timely performance reviews that are consistent with stated job expectations and fundamentally designed to foster professional development.

2.2.9 Staff Development: Fail to consistently promote and provide staff development.

2.2.10 Abuse/Harassment Policies: Fail to operate without appropriate child abuse and sexual harassment policies that are communicated to teachers and administrative personnel.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL PLANNING/BUDGETING

POLICY 2.3 Financial planning for any fiscal year shall not deviate materially from the board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

Accordingly, the Head of School shall not allow budgeting which:

2.3.1 Inadequate Information: Contains too little information to enable credible projection of enrollment, revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

2.3.2 Tuition Increases: Increases individual tuition and/or fees more than 5% in any one fiscal year without board approval. The board will establish tuition rates and any discounts by December for the following academic year.

2.3.3 Enrollment Increases: Projects enrollment growth greater than 10 percentin any one fiscal year.

2.3.4 Deficit Planning: Plans the expenditure in any fiscal year of more funds for operations than are conservatively projected to be received from tuition, fees and fundraising in that period.

2.3.5 Board Development: Fails to provide funds for board development and maintenance.

2.3.6 Staff Development/Retention: Does not ensure ongoing staff/teacher development and retention.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL ACTIVITIES AND CONDITIONS

POLICY 2.4 With respect to the actual, ongoing financial condition and activities, the Head of School shall not cause or allow the development of fiscal jeopardy or a material Deviation of actual expenditures from board priorities established in Ends policies.

Accordingly, the Head of School shall not:

2.4.1 Deficit Spending: Expend more funds than have been received in the fiscal year to date.

2.4.2 Proper Donations: Accept money for a specified purpose that deviates materially from the board's Ends priorities.

2.4.3 Proper Use of Designated Funds: Spend or permit spending of designated funds other than for specified purposes.

2.4.4 Payroll and Debt: Fail to settle payroll and debts in a timely manner. The Head of School may not incur debt, other than in the normal course of the Academy's business, without board approval.

2.4.5 Taxes: Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

2.4.6 Real Property: Acquire or dispose of real property without board approval.

2.4.7 Government Funds: Accept government funds, with the exception of lawfully authorized Title II funds for professional development and Title IV for Student Support and Academic Achievement unless approved by the Board of Directors.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: ASSET PROTECTION

POLICY 2.5 The Head of School shall not allow Academy assets to be unprotected, inadequately maintained or unnecessarily risked.

Accordingly, the Head of School shall not:

2.5.1 **Theft/CasualtyInsurance:** Fail to insure against theft and casualty losses to at least 80% of replacement value and against liability losses to board members, staff and the organization itself in an amount equal to the average for comparable organizations.

2.5.2 **Fidelity Bonds:** Allow unbonded personnel access to material amounts of funds.

2.5.3 **Physical Plant Maintenance:** Subject the buildings, grounds, and equipment to improper wear and tear or insufficient maintenance.

2.5.4 **Reasonable Practices:** Negligently or intentionally expose the organization, its board or staff to claims of liability.

2.5.5 **Purchases:** Make any purchase:

2.5.5.1 wherein normally prudent protection has not been given against conflict of interest;

2.5.6 **Intellectual Property Protection:** Fail to protect intellectual property, information and files from loss or significant damage.

2.5.7 **Financial Controls:** Receive, process or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.

2.5.8 **Operating Capital Accounts:** Invest or hold operating capital in insecure instruments, including uninsured checking accounts, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.

2.5.9 **Reputation:** Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.

2.5.10 **Campus Security:** Fail to establish appropriate campus crisis and security procedures that will reasonably safeguard the health and safety of all. These procedures are to include the necessary practice schedules that foster acceptable levels of familiarity on the part of all participants.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: EMERGENCY HEAD OF SCHOOL SUCCESSION

POLICY 2.6 In order to protect the board from sudden loss of Head of School services, the Head of School shall not fail to designate and inform the board of several individuals who will be familiar with board and Academy administrative issues and processes.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: COMPENSATION AND BENFITS

POLICY 2.7 With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the Head of School shall not cause or allow jeopardy to fiscal integrity or Christian testimony.

Accordingly, the Head of School shall not:

2.7.1 Head of School's Compensation/Benefits: Change his or her own compensation and benefits.

2.7.2 Employment Promises: Promise or imply permanent or guaranteed employment, except in accordance with the normal hiring policies and practices of the Academy.

2.7.3 Compensation Benchmarks: Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

2.7.4 Employment Terms: Create compensation obligations over a term longer than one year.

2.7.5 Compensation Stability: Establish or change compensation or benefits so as to cause unpredictable or inequitable situations, including those that:

2.7.5.1 Incur unfunded liabilities.
2.7.5.2 Provide less than some basic level of benefits to all full-time employees.

2.7.6 Compensation Plan: Fail to use a table and/or formula-based compensation plan for faculty salaries.

2.7.7 Bonuses: Award non-budgeted bonuses without Board Approval.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: COMMUNICATION AND SUPPORT TO THE BOARD

POLICY 2.8 The Head of School shall not permit the board to be uninformed or unsupported in its work.

Accordingly, the Head of School shall not:

2.8.1 Monitoring Data: Neglect to submit monitoring data required by the board (see policy on Monitoring Head of School performance in Board/Head of School Linkage) in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored.

2.8.2 Relevant Information: Let the board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, and particularly changes in the assumptions upon which any board policy has been previously established.

2.8.3 Board Violation of Own Policies: Fail to advise the board if, in the Head of School's opinion, the board is not in compliance with its own policies on Governance Process and Board/Head of School Linkage, particularly in the case of board behavior that is detrimental to the work relationship between the board and the Head of School.

2.8.4 Information Needed for Decision-Making: Fail to disclose to the board as many staff and external points of view, issues and options needed for fully informed board choices.

2.8.5 Clear Communication: Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information effectively.

2.8.6 Internal Communication: Fail to provide a mechanism for official board, officer or committee communications.

2.8.7 Dealing with Whole Board: Fail to deal with the board as a whole except when responding to officers or committees duly charged by the board.

2.8.8 Timely Reporting: Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the board.

2.8.9 Legal Compliance: Fail to supply for the consent agenda all items delegated to the Head of School yet required by law or contract to be board-approved.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: PROGRAMS AND SERVICES

POLICY 2.9 With respect to the programs and services provided by the Academy, the Head of School shall not fail to ensure that these programs and services meet or exceed Academy and or accreditation standards and are consistent with the philosophy and values of Round Rock Christian Academy in program quality.

Accordingly, the Head of School shall not:

2.9.1 Program Offerings: Eliminate or add any major category of program offerings without Board approval.

2.9.2 Class Size: Fail to evaluate the impact of class size on the learning environment.

2.9.3 Accreditation: Fail to maintain accredited status with ACSI/COGNIA

2.9.4 Curriculum Review: Fail to establish a comprehensive curriculum review cycle.

2.9.5 Biblical Worldview: Fail to ensure a biblical worldview as it pertains to instruction and correction.

2.9.6 Student Academic Performance: Fail to collect data and provide evidence that student academic performance meets or exceeds learning objectives and improves over time.

2.9.7 Student Athletic Performance: Fail to provide an athletic program that encourages and supports a high rate of student participation within the Academy's financial constraints.

2.9.8 Strategic Plan Update: Fail to provide an updated strategic plan, which includes, at a minimum, issues regarding Personnel, Budget, Facilities, Curriculum, and Extra-Curricular activities.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: DONORS AND DONATIONS

POLICY 2.10 The Head of School shall not allow fundraising that is unethical, in violation of biblical principles; insufficient to meet the pre-agreed needs, or not aligned with accomplishing the Ends of Round Rock Christian Academy.

Accordingly, the Head of School shall not...

2.10.1 Government Funds: Accept funds from the state or federal government that require the Academy to deviate from the mission of the Academy.

2.10.2 Conditional Funds: Accept funds from an organization or individual(s) that require that the Academy make changes that are unacceptable or impractical.

2.10.3 Appropriateness of Gifts: Accept gifts of real estate, buildings or appreciated stock without first assessing the appropriateness of the gift.

2.10.4 Quality: Allow the Academy to offer products or services for sale that are not of good quality and do not offer an honest value for the cost assigned to them.

2.10.5 Proper Use of Donations: Use donations for purposes other than that for which they were solicited. If excess funds are obtained, they may be used for other projects only with the consent of those donors whose funds are being used.

2.10.7 Failure to Thank Donors: Fail to thank donors in a timely manner and communicate to them the importance of their donation.

2.10.8 Coordinated Fundraising Program: Fail to insure that all fund-raising activities are well coordinated in order to guarantee their effectiveness and to insure that families do not feel overburdened.

2.10.9 Prioritization: Allow fund-raising to become a low priority with regard to the Head of School job requirements.

2.10.10 Proper Accounting: Allow donor funds to be mixed or congregated into one account when separate accounts are necessary for tracking and accountability.

2.10.11 Fundraising Guidelines: Allow any standing fund-raising club or organization under the auspices of the Academy to operate without written guidelines approved by the Head of School.

2.10.12 Fundraising Metrics: Fail to establish and enforce clearly understood metrics by which fund-raising personnel may gauge their level of success.

POLICY TYPE: BOARD/HEAD OF SCHOOL LINKAGE
POLICY TITLE: GOVERNANCE – MANAGEMENT CONNECTION

POLICY 3.0 The board's sole connection to the operational organization, its achievements and conduct will be through the Head of School.

3.1 Unified Board Control / Communication: Only decisions of the board, acting as a body by majority vote, are binding on the Head of School.

3.2 Head of School's Authority / Accountability: The Head of School is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the Head of School.

3.3 Delegation to the Head of School: The board will instruct the Head of School through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the Head of School to use any reasonable biblical world-view interpretation of these policies.

3.4 Monitoring / Measuring Head of School's Performance: Systematic and rigorous monitoring of Head of School's job performance will be solely against the expected Head of School's job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

3.5 Communication of Mission/Vision: The board expects the Head of School to be the primary spokesperson for RRCA both internally and to the community at large, unless otherwise directed.

POLICY TYPE: BOARD/HEAD OF SCHOOL LINKAGE
POLICY TITLE: UNITY OF CONTROL AND COMMUNICATION

POLICY 3.1 Only decisions of the board, acting as a body, are binding on the Head of School.

Accordingly:

3.1.1 No Individual Authority: Decisions or instructions of individual board members, officers, or committees do not bind the Head of School, except in rare instances when the board has specifically authorized such exercise of authority.

3.1.2 No Duty Owed to Individuals: In the case of board members or committees requesting information or assistance without board authorization, the Head of School can refuse such requests that require, the Head of School's opinion, a material amount of staff time, or funds, or is disruptive.

3.1.3 Chairman Speaks for the Board: The Chairman of the Board shall communicate decisions of the board to the Head of School unless otherwise specified by the board.

POLICY TYPE: BOARD/HEAD OF SCHOOL LINKAGE
POLICY TITLE: AUTHORITY/ACCOUNTABLITY OF THE HEAD OF SCHOOL

POLICY3.2 The Head of School is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the Head of School.

Accordingly:

3.2.1 Board Instructs ONLY the Head of School: The board will never give instructions to persons who report directly or indirectly to the Head of School.

3.2.2 Board Evaluates only the Head of School: The board will not evaluate, either formally or informally, any staff other than the Head of School.

3.2.3 Staff Grievance Escalation or Arbitration: Staff shall follow established grievance resolution guidelines stated in the Staff Handbook. Head of School shall not inhibit any board established method of grievance resolution.

3.2.4 Appeal to Board: A written request outlining the circumstances and concerns may be submitted to the Board by a staff member or parent, through the Head of School. Upon receipt of the request, the Board will determine within 72 hours whether a meeting will be granted, or a written response will be sent.

POLICY TYPE: BOARD/HEAD OF SCHOOL LINKAGE
POLICY TITLE: DELEGATION TO THE HEAD OF SCHOOL

POLICY 3.3 The board will instruct the Head of School through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the Head of School to use any reasonable biblical world view interpretation of these policies.

Accordingly:

3.3.1 Head of School to Accomplish Board's Ends Policies: The board will develop policies instructing the Head of School to achieve certain results. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called ENDS policies.

3.3.2 Head of School's Authority Restricted by Executive Limitations Policies: The board will develop policies that limit the latitude the Head of School may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called EXECUTIVE LIMITATIONS policies.

3.3.3 Rule of Reason Applies Where No Policy Exists: As long as the Head of School uses any reasonable interpretation of the board's ENDS and EXECUTIVE LIMITATIONS policies, the Head of School is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.

3.3.4 Board May Redefine Head of School Domain: The board may change its ENDS and EXECUTIVE LIMITATIONS policies, thereby shifting the boundary between board and Head of School domains. By doing so, the board changes the latitude of choice given to the Head of School. However, as long as any particular delegation is in place, the board will respect and support the Head of School choices.

3.3.5 Duty of Head of School to Report Board Policy Violations: Should the Head of School violate a board policy, he or she shall promptly inform the board. Informing ensures that no violation will be intentionally kept from the board. Board response, either approving or disapproving, does not exempt the Head of School from subsequent board judgment of the action, nor does it necessarily curtail any executive decision.

POLICY TYPE: BOARD/HEAD OF SCHOOL LINKAGE
POLICY TITLE: MONITORING THE HEAD OF SCHOOL PERFORMANCE

POLICY 3.4 Systematic and rigorous monitoring of Head of School job performance will be solely measured against the expected Head of School job outputs: organizational accomplishment of board policies in RRCA ENDS POLICY 1.0 and organizational operation within the boundaries established in board policies in RRCA EXECUTIVE LIMITATIONS POLICY 2.0.
(See Guidance Below)

Accordingly:

3.4.1 Monitoring Applies Only to Policy Implementation: Monitoring is simply to determine the degree to which board policies are being met. Data that does not do this will not be considered to be monitoring data.

3.4.2 Monitoring Data Acquisition Methods: The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the Head of School discloses compliance information to the board, (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies, and (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.

3.4.3 Definition of Successful Head of School Performance: The board will view Head of School's performance as identical to organizational performance, so that organizational accomplishment of board-stated Ends and avoidance of board proscribed means will be viewed as successful Head of School performance.

3.4.4 Reasonable Interpretation Equals Policy Compliance: In every case, the standard for compliance shall be any reasonable Head of School interpretation of the board policy being monitored.

3.4.5 Ends & Executive Limitations Policies to Frequently Monitor: All policies that instruct the Head of School will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

Guidance: At a minimum, the Head of School will be evaluated on a bi-annual basis. On an annual basis, the Head of School will submit to the board a self-evaluation and formalized feedback gathered from the faculty and staff.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GOVERNANCE COMMITMENT

POLICY 4.0 The purpose of the Round Rock Christian Academy Board, within a framework of deep respect for the founding principles of the Academy and on behalf of the owners (the biblically committed Christians in our community who actively support the doctrinal statement and mission of the Academy), is to assure that the mission statement is implemented and accomplished, with appropriate results for appropriate persons at an appropriate cost, and avoids unacceptable actions and situations.

4.1 Board Governing Style and Values: The Round Rock Christian Academy board shall govern with an emphasis on (a) biblically-based integrity and truthfulness in all methods and practices; (b) outward vision rather than an internal preoccupation, (c) strategic leadership more than administrative detail, (d) clear distinction of board and Head of School roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

4.2 Board Job Description: The job of the Round Rock Christian Academy Board is to represent the stakeholders (the biblically committed Christians in our community who actively support the doctrinal statement and mission of the Academy) in determining and demanding appropriate organizational performance.

4.3 Perpetual Board Agenda: To do its job effectively, the board will follow an agenda that (1) completes a re-exploration of Ends policies no less often than annually; (2) reviews all other policies; and (3) continually improves board performance through board self-evaluation, education, feedback from ownership and deliberation.

4.4 Board Chairperson's Role: The chairperson or his/her designee assures the integrity of the board's process. The chairperson or his/her designee occasionally represents the board to outside parties.

4.5 Board Member's Code of Conduct: The board commits itself and its members to biblical, ethical, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

4.6 Board Member's Individual Responsibilities: The board commits itself to the individual and collective participation of its members to insure leadership success.

4.7 Board Committee Powers and Limitations: Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to Head of School.

4.8 Board Committee Existence: A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. A standing committee (such as a finance committee) is a standing committee because its task is never completed. The Head of School and the chairman of the board are ex-officio members of all committees.

4.9 Board Size, Nomination, Election &Term: The board aims to maintain a size of no less than five (5) and no more than twelve (12) elected members. The Board may establish a Governance Committee that will properly screen and nominate, for board consideration, board officers and individuals to fill vacancies on the board.

4.10 Cost of Governance: The board will invest appropriate resources to enhance its ability to govern with excellence.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GOVERNING STYLE & VALUES

POLICY 4.1 The Round Rock Christian Academy board shall govern with an emphasis on (a)biblically based integrity and truthfulness in all methods and practices; (b) outward vision rather than an internal preoccupation, (c) strategic leadership more than administrative detail, (d) clear distinction of board and Head of School roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

Accordingly:

4.1.1 Doctrinal Beliefs: We believe that Scriptures of the Old and New Testaments, made up of 66 books (the Protestant Bible), are inspired by God and inerrant in the original writings, and that they are of supreme and final authority in faith and conduct. The statement of faith in the Bylaws will be the guiding principles and beliefs.

4.1.2 Value of Biblical Application: We believe that Biblical truth is to be applied and modeled in thought, word and deed in all of the affairs of life, including in all the affairs of RRCA.

4.1.3 Non-Discrimination Policy: Round Rock Christian Academy, in its hiring and other activities, will not discriminate on the basis of race, national origin, age, handicap, gender, or military status.

4.1.4 Board Initiates Excellence in Governance: The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute the individual judgments for the board's values. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling board commitments.

4.1.5 Board Action Through Policy Adoption: The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided. The board's major policy focus will be on the intended long-term impacts, not on the administrative or programmatic means of attaining those effects.

4.1.6 Board Discipline: The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, attitude, and preparation for meetings, policy making principles, respect of roles, and ensuring the continuance of governance capability. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.

4.1.7 Board Speaks with One Voice on All Matters: Each member of the board will support the final determination of the board concerning any particular matter, irrespective of the member's personal position concerning such matter.

4.1.8 Board Decides by Majority Vote: All board actions require approval by simple majority of a members when a quorum is present for the vote.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD JOB DESCRIPTION

POLICY 4.2 The job of the Round Rock Christian Academy Board is to represent the stakeholders (the biblically committed Christians in our community who actively support the doctrinal statement and mission of the Academy) in determining and demanding appropriate organizational performance.

Accordingly:

4.2.1 Link Between Organization and Board: The board will produce the link between the organization and the ownership.

4.2.2 Written Governance Policies: The board will produce written governing policies that, at the broadest levels, address each category of organizational decision:

4.2.2.1 ENDS: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
4.2.2.2 EXECUTIVE LIMITATIONS: Constraints on Head of School authority that establish the boundaries within which all executive activity and decisions must take place.
4.2.2.3 GOVERNANCE PROCESS: Specification of how the board conceives, carries out and monitors its own performance.
4.2.2.4 BOARD/Head of School LINKAGE: How power is delegated and its proper use monitored; the Head of School role, authority, and accountability.

4.2.3 Head of School Review: The board will produce assurance of Head of School performance (measured by compliance with policies 4.2.2.1 and 4.2.2.2).

4.2.4 Board Fundraising: The board will be involved in raising funds, as it may from time to time deem necessary in cooperation and coordination with the Head of School.

POLICY 4.3 To do its job effectively, the board will follow an agenda that (1) completes a re-exploration of Ends policies no less often than annually; (2) reviews all other policies; and (3) continually improves board performance through board self-evaluation, education, feedback from ownership and deliberation.

Accordingly:

4.3.1 End of Board Cycle: The cycle will conclude each year on the last day of June so that administrative planning and budgeting can be based on accomplishing a one year segment of the board's most recent statement of long term Ends.

4.3.2 Beginning of Board Cycle: The cycle will start with the board's development of its agenda for the next year.

4.3.2.1 Methods of gaining ownership input, as well as governance education, and education related to Ends determination, (e.g. presentations by futurists, advocacy groups, demographers, staff, etc.) will be arranged during the spring, to be held during the balance of the board's planning cycle.

4.3.2.2 The chair is encouraged, at the commencement of the board's annual planning cycle, to prepare a tentative agenda for the following year's meetings. The chair will determine the agenda for any particular meeting, although members are encouraged to recommend any appropriate matters for board consideration. Any board member desiring to recommend any matter for board discussion will advise the chair of such matter at least ten (10) days prior to the scheduled board meeting. By an affirmative vote of a majority of the members of the board, or of those present at a meeting, additional matters may be added to the agenda of any board meeting only with consent of the board chairperson and a majority of the members present.

4.3.3 Consent Agenda Items: Throughout the year, the board will attend to consent agenda items as expeditiously as possible.

4.3.4 Regular Meeting Schedule: The board will establish a regular meeting schedule at the beginning of each year. Additional meetings will be scheduled as required.

4.3.5 Head of School Monitoring: Head of School monitoring will be included on the agenda if monitoring reports show policy violations, or if policy criteria are to be debated.

4.3.6 Head of School Remuneration: Head of School remuneration will be decided during the month of June after a review of monitoring reports received in the last year from the Head of School.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: CHAIRPERSON'S ROLE

POLICY 4.4 The chairperson or his/her designee assures the integrity of the board's process. The chairperson or his/her designee occasionally represents the board to outside parties.

Accordingly:

4.4.1 Election of Chairperson: During the June meeting of the board each year, the board shall elect from among its members, a chair who shall serve in the role of chairperson of the board for a period of one year. The same person may serve an unlimited number of terms as chairperson.

4.4.2 Chair Is Responsible for Board's Performance: The job of the chairperson is to see that the board performs consistently with its own rules and those legitimately imposed upon it from outside the organization.

4.4.3 Board Chair's Authority to Conduct Meeting Proceedings: The chairperson is authorized to conduct board meeting proceedings with all the commonly accepted power of that position (e.g. ruling, recognizing).

4.4.3 Board Meeting Discussion: Meeting discussion content will be only those issues that, according to board policy, clearly belong to the board to decide, not the Head of School

4.4.4 Board Deliberation: Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

4.4.5 Board Chair's Authority to Interpret Policies: The chairperson is authorized to use any reasonable interpretation and to make decisions that fall within the topics covered by the board policies on Governance Process and Board/Head of School Linkage, except where the board specifically delegates portions of this authority to others.

4.4.6 Board Chair's Lack of Authority to Supervise the Head of School: The chairperson has no authority to supervise or direct the Head of School, because the chairperson has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas.

4.4.7 Board Chair's Authority to Represent the Board: The chairperson may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him. The chairperson may delegate this authority but remains accountable for its use.

4.4.8 Board Chair as President of Corporation: The Chair shall serve ex-officio as the President of Round Rock Christian Academy, Inc., the legal entity through which the Academy is operated. Following each election of a member of the board as Chair, the Chair shall indicate additional officer positions that need to be filled to satisfy the legal requirements for the existence of the corporation, and for any other purpose as the board shall decide. The board shall nominate and vote to fill such positions at the same meeting in which the Chair is elected.

4.4.9 Board Chair's Committee Appointment Authority: The chairperson may appoint members and a chairperson for each board committee, unless otherwise stipulated by board policy or the organizations by laws.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD MEMBERS' CODE OF CONDUCT

POLICY 4.5 The board commits itself and its members to biblical, ethical, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly:

4.5.1 No Conflicts to the Interests of Owners: Members must loyally represent the interests of the owners, without conflicts of interest. This duty to the owners supersedes any conflicting loyalty, such as that to advocacy or interest groups or that arising by virtue of membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the organization's services.

4.5.2 No Self-Dealing: Members must avoid conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation. Board members must not use their positions to obtain employment for themselves, family members or close associates. Should a board member desire employment within the organization, he or she must first resign from the RRCA Board.

4.5.3 No Individual Authority: Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies. Board members' interaction with the Head of School or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized. Board members' interaction with public, press or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions. Board members will give no consequence or voice to individual judgments of the Head of School or staff performance

4.5.4 No Breach of Confidentiality: Board members will respect the confidentiality appropriate to issues of a sensitive nature.

4.5.5 No Breach of Qualifications: Board members must meet the qualifications set forth by the board, and shall have an affirmative duty to self-report any lack of qualifications that arise during board membership.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: MEMBER INDIVIDUAL RESPONSIBILITIES

POLICY 4.6 The board commits itself to the individual and collective participation of its members to insure leadership success.

4.6.1 Prayer: Board members will commit to regularly pray for the Academy.

4.6.2 Attendance: Each board member is expected to attend board meetings - because board contemplation, deliberation and decision-making are processes that require wholeness, collaboration and participation. If three (3) regularly scheduled meetings are missed in a row, the third absence will be interpreted as that member's resignation from the board. If the absent member demonstrates their absences were due to circumstances beyond their control or foreknowledge, the Board of Directors may accept and reinstate that board member.

4.6.3 Preparation, Participation, and Punctuality: Each board member is expected to prepare for board and committee meetings and participate productively in discussions, always within the boundaries of discipline established by the board. Each member will contribute his or her own knowledge, skills and expertise to the board's efforts to fulfill its responsibilities. Each board member will strive to be punctual to board meetings.

4.6.4 Relationship Between Head of School and Individual Board Members: The Head of School is accountable only to the board as an organization, not to individual board members. Accordingly, the relationship between the president and individual members of the board, including the board chair, is collegial, not hierarchical.

4.6.5 Volunteerism: As the functioning and success of the organization depends largely on the involvement and dedication of volunteers, all board members are expected to volunteer beyond normal meeting times according to their ability. In view of the president's responsibility for operational activities and results, members of the board acting as operational volunteers are subject to the direct supervision of the Head of School or responsible staff person.

4.6.6 Contributions: Each board member is expected to contribute generously within his or her individual means to make an annual financial contribution to Round Rock Christian Academy. The demonstration of support, rather than the amount of the contribution, is of primary importance; members are expected to contribute only within their individual means.

4.6.7 Continuing Education: Each board member is expected to make appropriate annual efforts toward continuing education in governance.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD COMMITTEE PRINCIPLES

POLICY 4.7 Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to Head of School. A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. A standing committee (like the finance committee) is a standing committee because its task is never complete. The president or his designee will serve as a non-voting member of each committee unless otherwise stated.

4.7.1 A Committee is a Committee by Whatever Name: This policy applies to any group that is formed by board action, whether or not it is called a committee and regardless of whether the group includes board members. It does not apply to staff committees formed under authority of the president.

4.7.2 Board Committees Help the Board, not the Staff: Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations.

4.7.3 Board Committees Do not Normally Speak or Act for the Board: Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Head of School.

4.7.4 Board Committees Cannot Exercise Authority over Staff: Because the Head of School works for the full board, he or she will not be expected to obtain approval of a board committee before an executive action.

4.7.5 Board Committees are to avoid over-identification with organizational activities: Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee that has helped the board create policy on some topic will not be used to monitor organizational performance on that same subject.

4.7.6 Board Committees are Ordinarily Ad Hoc: Except for the necessary standing committees, committees will be used sparingly and ordinarily in an ad hoc capacity.

4.7.7 Governance Committee: The Governance Committee shall be responsible for the nomination of prospective board members, orientation of new members, continuing education of current members, and evaluating the board process for adherence to Policy Governance. The Governance Committee shall have at least three members and shall be composed of past chairs of the board of directors to the extent enough remain on the board. If not enough remain on the board, then the next most senior board members in order shall be appointed to the governance committee until there are three members serving on the committee. Governance Committee members shall serve for a term of one year and shall be approved in the June meeting of the board.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD SIZE, NOMINATION, ELECTION & TERM LIMITS

POLICY 4.8 The board aims to maintain a size of not less than five (5) or more than twelve (12) members. The Governance Committee will properly screen and nominate, for board consideration, the board chair and individuals to serve on the board.

Accordingly:

4.8.1 Governance committee shall Nominate Potential New Board Members at any time that a position is vacated. The board will i) approve or disapprove nominations for new board officers if any, and ii) approve or disapprove the nominations for new board members.

4.8.2 Term Limits: The Chairman/President and Vice Chairman/ Vice President of the Board may serve for an unspecified period of time. Other Board members may serve on the Board for a term of three years, unless such service is ended according to the provisions or conditions of the Bylaws of the Corporation. Any Board member may, if nominated, appointed, and so choose, serve a second consecutive three year term.

4.8.3 Voting by New Board Members: New board members may immediately vote on any matter presented to the board at the first meeting attended by such newboard member.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD TRAINING AND ACTIVITIES

POLICY 4.9 The board will invest appropriate resources to enhance its ability to govern with excellence.

Accordingly:

4.9.1 Skills, Methods & Supports: Board skills, methods and supports will be sufficient to assure governing with excellence.

4.9.2 Training and Retraining: Training and Retraining will be used liberally to orient new members and candidates for board membership, as well as to maintain and increase existing member skills and understanding

4.9.3 Owner Viewpoints and Values: Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.

4.9.4 Cost/Benefit Balance: Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

4.9.5 Planning Figure for Board Training and Activities $500 annually will be allotted in the budget for training, including attendance at conferences and workshops, retreats and monthly meetings, as well as for board sponsored activities.

4.9.6 Outside Monitoring/Fiscal Review: Outside monitoring will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, an annual financial audit/review.

4.9.7 Flowers/Gifts from Board: The board will send flowers or make donations when the following circumstances occur:

1) A Board member, RRCA staff member or former staff member passes away.
2) A current RRCA Board member loses an immediate family member or has a major medical condition requiring hospitalization.
3) An RRCA administrator loses an immediate family member or has a major medical condition requiring hospitalization.

Board of Directors Manual

Section 2

IRS and Tax Information

Form 990, Part VI – Governance, Management, and Disclosure
Frequently Asked Questions and Tips

Updated June 27, 2011

1. **Are all organizations required to complete Part VI and answer all of its questions regarding an organization's governance structure, policies, and practices?**

   Yes, all organizations that file Form 990 are required to answer all of the questions in Part VI. However, refer to Appendix E of the instructions to the Form 990 for instructions regarding how to complete Part VI in the case of a group return.

2. **Are all the policies and practices described in Part VI required by the Internal Revenue Code? If not, what happens if an organization reports that it does not have such policies in place?**

   In general, the policies and practices described in Part VI are not required by the Internal Revenue Code. However, organizations are required by the Code to make publicly available some of the items described in Question 18 of Part VI. This includes the Forms 990 of all organizations for their three most recent tax years; the Form 1023 or 1024 of all organizations that filed such forms on or after July 15, 1987, or had a copy on such date; and the Forms 990-T of a section 501(c)(3) organization for its three most recent tax years, if such forms were filed after August 17, 2006. The IRS will use the information reported in Part VI, along with other information reported on the form, to assess noncompliance and the risk of noncompliance with federal tax law for individual organizations and across the broader exempt sector.

3. **If an organization adopted a policy or practice after the close of its tax year but before it filed the Form 990 for such year, may it report that it had such policy or practice in place for purposes of answering Part VI?**

   In most instances, the instructions to the Part VI questions state the specific time or period to be used to answer a particular question. For example, Question 12a asks whether as of the end of the organization's tax year it had a written conflict of interest policy. An organization that did not have a written conflict of interest policy in place on such date must answer *no*. If that same organization adopted a written policy after the close of the tax year but before it filed its return, it may describe doing so in Schedule O. If the instructions to a particular question do not provide a specific time or period to be used to answer the question, the organization may take into account practices undertaken after the close of the tax year in its response to that question (e.g., Question 12b regarding whether certain persons are required to disclose potential conflicts). Question 10 regarding whether the organization provided a copy of the Form 990 to its governing body before filing the form, and the process (if any) used by the organization to review the form, necessarily involves activity conducted after the close of the tax year.

4. **Can our organization answer Yes to a question about having a policy if a committee of the board, rather than the board itself, adopted the policy, and was authorized to do so?**

   Yes. The organization may answer *Yes* to any question in Section B of Part VI, Form 990, that asks whether the organization has a particular policy if the organization's governing body (or a committee of the board, if the board delegated authority to that committee to adopt the policy) adopted the policy by the end of its tax year.

5. **Part VI asks for information regarding an organization's members, if any, and any local chapters, branches or affiliates. Why is the IRS concerned about an organization's members and local units?**

   Much of Part VI focuses on who is responsible for governing the organization. In most organizations this includes a governing body, such as a board of directors, or trustees. Many organizations, however, also have members, who may be vested with certain governance or financial rights with regard to the organization. Part VI, Questions 6 and 7, ask whether an organization has members, and if so what their governance rights are, in order to provide a more complete and accurate picture about where governance authority is vested and about the organization's legal structure. Part VI, Question 9 asks about local chapters, branches and affiliates to obtain information about whether and how the organization exercises supervision and control over its chapters, branches, and affiliates to ensure that their activities are consistent with those of the organization. This question is designed to obtain information about the extent to which the filing organization's policies and practices extend to all of its parts or to affiliated entities.

6. **Is an organization required by federal tax law to provide a copy of Form 990 to its board or governing body, or have its board or governing body review the form, before it is filed with the IRS?**

   No. Nonetheless, it is required to answer Question 10 regarding these matters.

7. **Question 1b asks for the number of independent voting members of the governing body. May an organization use its own definition of independence to answer this question?**

No, the organization must use the three-part definition contained in the instructions to this question to determine whether a particular voting member of its governing body is independent for purposes of Form 990 reporting. Note that this definition will vary from other meanings of the term *independent* that may apply to the organization, such as for state law or internal conflict of interest policy purposes.

8. **How hard do we have to look for the information requested in Questions 1 and 2 of Form 990, Part VI regarding independent directors and business and family relationships among Board members, officers, and key employees? What if we are unable to obtain and report all the reportable information?**

As described in the instructions, the organization need not engage in more than a reasonable effort to obtain the necessary information to answer these questions. An example of a reasonable effort would be for the Form 990 preparer or an officer eligible to sign the Form 990 to distribute a questionnaire annually to each of the organization's officers, directors, trustees, and key employees asking for the information that needs to be reported in response to Questions 1 and 2. The questionnaire could include the name, title, date, and signature of the person reporting information, and contain the Form 990 Glossary definitions of *independent voting member of governing body*, *family relationship*, *business relationship*, and *key employee*. The organization may rely on information it obtains in response to such a questionnaire in answering Questions 1 and 2.

9. **Does the IRS intend to provide model or sample policies (e.g., joint venture policy) that organizations could adopt in order to answer** *yes* **to the questions in Part VI regarding such policies or practices?**

The IRS does not plan to provide model or sample policies to be used for this purpose. Whether an organization adopts a policy of the type referred to in Part VI of Form 990 is a decision to be made by each individual organization. If an organization decides to adopt such a policy, it should consider its own particular facts and circumstances, including its size, culture, type and structure, in designing and implementing the policy.

10. Must the filing organization provide governance information regarding its related organizations?

In general, no. Part VI is to be completed with respect to the facts and circumstances of the filing organization. Thus, an organization is not required to provide information regarding the composition of the governing body or policies or practices of a related organization, such as a joint venture, for-profit subsidiary, parent, or brother-sister exempt organization. However, Appendix E provides information regarding how Part VI is to be completed in the case of a group return, Question 1b asks about compensation from transactions with related organizations for purposes of determining a governing board member's independence, and Question 9 asks whether the organization's policies and practices extend to local affiliates.

11. If the filing organization is controlled by an organization with a conflicts of interest policy, whistleblower policy, and document retention and destruction policy, should the filing organization answer *yes* or *no* to Part VI, Questions 12a, 13 and 14?

Because these questions ask whether the **filing organization** has these policies, answer *yes* only if the filing organization's governing body has adopted the policies of the controlling organization or other such policies. Otherwise, answer *no*. The filing organization can explain in Schedule O how it is governed or otherwise affected by the policies of its parent.

12. What are the governance reporting requirements for organizations that file Form 990-EZ?

Form 990-EZ was not revised to include a governance section. However, Question 34 (regarding changes to organizing documents), which was included in the 2007 Form 990-EZ, has been retained.

Rebuttable Presumption - Intermediate Sanctions

Rebuttable Presumption - Intermediate Sanctions

If an organization meets the following three requirements, payments it makes to a disqualified person under a compensation arrangement are presumed to be reasonable, and a transfer of property or the right to use property is presumed to be at fair market value. The three requirements for establishing the rebuttable presumption are:

1. The compensation arrangement must be approved in advance by an authorized body of the applicable tax-exempt organization, which is composed of individuals who do not have a conflict of interest concerning the transaction,
2. Prior to making its determination, the authorized body obtained and relied upon appropriate data as to comparability, and
3. The authorized body adequately and timely documented the basis for its determination concurrently with making that determination.

The documentation of the authorized body should include the terms of the transaction and the date of its approval, the members of the authorized body present during the debate and vote on the transaction, the comparability data obtained and relied upon, the actions of any members of the authorized body having a conflict of interest, and documentation of the basis for the determination.

The Internal Revenue Service may refute the presumption of reasonableness only if it develops sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized body.

If an organization does not satisfy the requirements of the rebuttable presumption, a facts and circumstances approach will be followed.

http://www.irs.gov/charities/charitable/article/0,,id=173697,00.html

Board of Directors Manual

Section 3

Texas Business Code

BUSINESS ORGANIZATIONS CODE

TITLE 2. CORPORATIONS

CHAPTER 22. NONPROFIT CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 22.001. DEFINITIONS. In this chapter:

(1) "Board of directors" means the group of persons vested with the management of the affairs of the corporation, regardless of the name used to designate the group.

(2) "Bylaws" means the rules adopted to regulate or manage the corporation, regardless of the name used to designate the rules.

(3) "Corporation" or "domestic corporation" means a domestic nonprofit corporation subject to this chapter.

(3-a) "Director" means a person who is a member of the board of directors, regardless of the name or title used to designate the person. The term does not include a person designated as a director of the corporation, or as an ex officio, honorary, or other type of director of the corporation if the person is not entitled to vote as a director.

(4) "Foreign corporation" means a foreign nonprofit corporation.

(5) "Nonprofit corporation" means a corporation no part of the income of which is distributable to a member, director, or officer of the corporation, except as provided by Section 22.054.

(6) "Ordinary care" means the care that an ordinarily prudent person in a similar position would exercise under similar circumstances.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 121 (S.B. 1233), Sec. 1, eff. May 23, 2015.

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. 1971), Sec. 16, eff. September 1, 2019.

Sec. 22.002. MEETINGS BY REMOTE COMMUNICATIONS TECHNOLOGY. A meeting of the members of a corporation, the board of directors of a corporation, or any committee designated by the board of directors of a corporation may be held by means of a conference telephone or similar communications equipment, another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination of those means, in accordance with Section 6.002.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. 1971), Sec. 17, eff. September 1, 2019.

SUBCHAPTER B. PURPOSES AND POWERS

Sec. 22.051. GENERAL PURPOSES. A nonprofit corporation may be formed for any lawful purpose or purposes not expressly prohibited under this chapter or Chapter 2, including any purpose described by Section 2.002.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.052. DENTAL HEALTH SERVICE CORPORATION. (a) A charitable corporation may be formed to operate a dental health service corporation that manages and coordinates the relationship between a dentist who contracts to perform dental services and a patient who will receive the services as a member of a group that contracted with the dental health service corporation to provide dental care to group members.

(b) The certificate of formation for a charitable corporation formed under this section must have attached as an exhibit:

(1) an affidavit of the organizer or organizers stating:

(A) that not less than 30 percent of the dentists legally engaged in the practice of dentistry in this state have signed a contract to perform the required dental services for a period of at least one year after incorporation; and

(B) the names and addresses of those dentists; and

(2) a certification by the State Board of Dental Examiners that:

(A) the applicants are reputable residents of this state of good moral character; and

(B) the corporation will be in the best interest of the public health.

(c) A corporation formed under this section must have at least 12 directors, including 9 directors who are licensed to practice dentistry in this state and are actively engaged in the practice of dentistry in this state.

(d) A corporation formed under this section shall maintain as participating or contracting dentists at least 30 percent of the number of dentists actually engaged in the practice of dentistry in this state. The corporation shall file annually in September with the State Board of Dental Examiners the name and address of each participating or contracting dentist.

(e) A corporation formed under this section may not:

(1) prevent a patient from selecting the licensed dentist of the patient's choice to provide dental services to the patient;

(2) deny a licensed dentist the right to participate as a contracting dentist to perform the dental services contracted for by the patient;

(3) discriminate among patients or licensed dentists regarding payment or reimbursement for the cost of performing dental services; or

(4) authorize any person to regulate, interfere with, or intervene in any manner in the diagnosis or treatment provided by a licensed dentist to a patient.

(f) A corporation formed under this section may require the attending dentist to provide a narrative oral or written description of the dental services provided to determine benefits or provide proof of treatment. The corporation may request but may not require diagnostic aids used in the course of treatment.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.053. DIVIDENDS PROHIBITED. Except as provided by Section 22.054, a dividend may not be paid to, and no part of the income of a corporation may be distributed to, the corporation's members, directors, or officers.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 121 (S.B. 1233), Sec. 2, eff. May 23, 2015.

Sec. 22.054. AUTHORIZED BENEFITS AND DISTRIBUTIONS. A corporation may:

(1) pay compensation in a reasonable amount to the members, directors, or officers of the corporation for services provided;

(2) confer benefits on the corporation's members in conformity with the corporation's purposes;

(3) make distributions to the corporation's members on winding up and termination to the extent authorized by this chapter; and

(4) make distributions of its income to the corporation's members who are nonprofit corporations organized under this code and who are exempt from income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed under Section 501(c)(3) of that code, if:

(A) the distributions are made in accordance with the purpose or purposes of the corporation as stated in the certificate of formation and with the fiduciary responsibilities of the board of directors, including the duty to safeguard restricted funds for their intended purposes; and

(B) after the distributions are complete:

(i) the corporation would be able to pay the corporation's debts as they become due in the usual course of its activities; and

(ii) the corporation's total assets would at least equal the sum of its total liabilities.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 121 (S.B. 1233), Sec. 3, eff. May 23, 2015.

Sec. 22.055. POWER TO ASSIST EMPLOYEE OR OFFICER. (a) A corporation may lend money to or otherwise assist an employee or officer of the corporation, but not a director, if the loan or assistance may reasonably be expected to directly or indirectly benefit the corporation.

(b) A loan made to an officer must be:

(1) made for the purpose of financing the officer's principal residence; or

(2) set in an original principal amount that does not exceed:

(A) 100 percent of the officer's annual salary, if the loan is made before the first anniversary of the officer's employment; or

(B) 50 percent of the officer's annual salary, if the loan is made in any subsequent year.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.056. HEALTH ORGANIZATION CORPORATION. (a) Doctors of medicine and osteopathy licensed by the Texas Medical Board, podiatrists licensed by the Texas Department of Licensing and Regulation, and chiropractors licensed by the Texas Board of Chiropractic Examiners may form a corporation that is jointly owned, managed, and controlled by those practitioners to perform a professional service that falls within the scope of practice of those practitioners and consists of:

(1) carrying out research in the public interest in medical science, medical economics, public health, sociology, or a related field;

(2) supporting medical education in medical schools through grants or scholarships;

(3) developing the capabilities of individuals or institutions studying, teaching, or practicing medicine, including podiatric medicine, or chiropractic;

(4) delivering health care to the public; or

(5) instructing the public regarding medical science, public health, hygiene, or a related matter.

(b) When doctors of medicine, osteopathy, podiatry, and chiropractic form a corporation that is jointly owned by those practitioners, the authority of each of the practitioners is limited by the scope of practice of the respective practitioners and none can exercise control over the other's clinical authority granted by their respective licenses, either through agreements, the certificate of formation or bylaws of the corporation, directives, financial incentives, or other arrangements that would assert control over treatment decisions made by the practitioner. The Texas Medical Board, the Texas Department of Licensing and Regulation, and the Texas Board of Chiropractic Examiners continue to exercise regulatory authority over their respective licenses.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 388 (S.B. 679), Sec. 1, eff. June 1, 2017.

Acts 2019, 86th Leg., R.S., Ch. 467 (H.B. 4170), Sec. 19.001, eff. September 1, 2019.

Sec. 22.0561. CORPORATIONS FORMED BY PHYSICIANS AND PHYSICIAN ASSISTANTS. (a) Physicians licensed under Subtitle B, Title 3, Occupations Code, and physician assistants licensed under Chapter 204, Occupations Code, may form a corporation to perform a professional service that falls within the scope of practice of those practitioners and consists of:

(1) carrying out research in the public interest in medical science, medical economics, public health, sociology, or a related field;

(2) supporting medical education in medical schools through grants or scholarships;

(3) developing the capabilities of individuals or institutions studying, teaching, or practicing medicine or acting as a physician assistant;

(4) delivering health care to the public; or

(5) instructing the public regarding medical science, public health, hygiene, or a related matter.

(b) A physician assistant may not be an officer of the corporation.

(c) A physician assistant may not contract with or employ a physician to be a supervising physician of the physician assistant or of any physician in the corporation.

(d) The authority of each practitioner is limited by the scope of practice of the respective practitioner. An organizer of the entity must be a physician and ensure that a physician or physicians control and manage the entity.

(e) Nothing in this section may be construed to allow the practice of medicine by someone not licensed as a physician under Subtitle B, Title 3, Occupations Code, or to allow a person not licensed as a physician to direct the activities of a physician in the practice of medicine.

(f) A physician assistant or combination of physician assistants may have only a minority ownership interest in an entity created under this section. The ownership interest of an individual physician assistant may not equal or exceed the ownership interest of any individual physician owner. A physician assistant or combination of physician assistants may not interfere with the practice of medicine by a physician owner or the supervision of physician assistants by a physician owner.

(g) The Texas Medical Board and the Texas Physician Assistant Board continue to exercise regulatory authority over their respective license holders according to applicable law. To the extent of a conflict between Subtitle B, Title 3, Occupations Code, and Chapter 204, Occupations Code, or any rules adopted under those statutes, Subtitle B, Title 3, or a rule adopted under that subtitle controls.

Added by Acts 2011, 82nd Leg., R.S., Ch. 782 (H.B. 2098), Sec. 1, eff. June 17, 2011.

SUBCHAPTER C. FORMATION AND GOVERNING DOCUMENTS

Sec. 22.101. INCORPORATION OF CERTAIN ORGANIZATIONS. A religious society, a charitable, benevolent, literary, or social association, or a church may incorporate as a corporation governed by this chapter with the consent of a majority of its members. Those members shall authorize the organizers to execute the certificate of formation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.102. BYLAWS. (a) The initial bylaws of a corporation shall be adopted by the corporation's board of directors or, if the management of the corporation is vested in the corporation's members, by the members.

(b) The bylaws may contain provisions for the regulation and management of the affairs of the corporation that are consistent with law and the certificate of formation.

(c) The board of directors may amend or repeal the bylaws, or adopt new bylaws, unless:

(1) this chapter or the corporation's certificate of formation wholly or partly reserves the power exclusively to the corporation's members;

(2) the management of the corporation is vested in the corporation's members; or

(3) in amending, repealing, or adopting a bylaw, the members expressly provide that the board of directors may not amend or repeal the bylaw.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.103. INCONSISTENCY BETWEEN CERTIFICATE OF FORMATION AND BYLAW. (a) A provision of a certificate of formation of a corporation that is inconsistent with a bylaw controls over the bylaw, except as provided by Subsection (b).

(b) A change in the number of directors by amendment to the bylaws controls over the number stated in the certificate of formation, unless the certificate of formation provides that a change in the number of directors may be made only by amendment to the certificate.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.104. ORGANIZATION MEETING. (a) After the certificate of formation is filed, the board of directors named in the certificate of formation of a corporation shall hold an organization meeting of the board, either in or out of this state, at the call of the organizers or a majority of the directors to adopt bylaws and elect officers and for other purposes determined by the board at the meeting. The organizers or directors calling the meeting shall send notice of the time and place of the meeting to each director named in the certificate of formation not later than the third day before the date of the meeting.

(b) A first meeting of the members may be held at the call of the majority of the directors on notice provided not later than the third day before the date of the meeting. The notice must state the purposes of the meeting.

(c) If the management of a corporation is vested in the corporation's members, the members shall hold the organization meeting on the call of an organizer. An organizer who calls the meeting shall:

(1) send notice of the time and place of the meeting to each member not later than the third day before the date of the meeting;

(2) if the corporation is a church, make an oral announcement of the time and place of the meeting at a regularly scheduled worship service before the meeting; or

(3) send notice of the meeting in the manner provided by the certificate of formation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 66, eff. January 1, 2006.

Sec. 22.105. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY MEMBERS HAVING VOTING RIGHTS. (a) Except as provided by Section 22.107(b), to amend the certificate of formation of a corporation with members having voting rights, the board of directors of the corporation must adopt a resolution specifying the proposed amendment and directing that the amendment be submitted to a vote at an annual or special meeting of the members having voting rights.

(b) Written notice containing the proposed amendment or a summary of the changes to be effected by the amendment shall be given to each member entitled to vote at the meeting within the time and in the manner provided by this chapter for giving notice of a meeting of members.

(c) The proposed amendment shall be adopted on receiving the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.106. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY MANAGING MEMBERS. (a) To be approved, a proposed amendment to the certificate of formation of a corporation the management of the affairs of which is vested in the corporation's members under Section 22.202 must be submitted to a vote at an annual, regular, or special meeting of the members.

(b) Except as otherwise provided by the certificate of formation or bylaws, notice containing the proposed amendment or a summary of the changes to be effected by the amendment shall be given to the members within the time and in the manner provided by this chapter for giving notice of a meeting of members.

(c) The proposed amendment shall be adopted on receiving the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.107. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY BOARD OF DIRECTORS. (a) If a corporation has no members or has no members with voting rights, or in the case of an amendment under Subsection (b), an amendment to the corporation's certificate of formation shall be adopted at a meeting of the board of directors on receiving the vote of directors required by Section 22.164.

(b) Except as otherwise provided by the certificate of formation, the board of directors of a corporation with members having voting rights may, without member approval, adopt amendments to the certificate of formation to:

(1) extend the duration of the corporation if the corporation was incorporated when limited duration was required by law;

(2) delete the names and addresses of the initial directors;

(3) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the secretary of state; or

(4) change the corporate name by:

(A) substituting the word "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.," for a similar word or abbreviation in the name; or

(B) adding, deleting, or changing a geographical attribution to the name.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.108. NUMBER OF AMENDMENTS SUBJECT TO VOTE AT MEETING. Any number of amendments to the corporation's certificate of formation may be submitted to and voted on by a corporation's members at any one meeting of the members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.109. RESTATED CERTIFICATE OF FORMATION. (a) A corporation may adopt a restated certificate of formation as provided by Subchapter B, Chapter 3, by following the same procedure to amend its certificate of formation provided by Sections 22.104-22.107, except that:

(1) member approval is required only if the restated certificate of formation contains an amendment; and

(2) the members may consent in writing, or the organizers of a corporation may adopt a resolution, to authorize a restated certificate of

formation that contains an amendment to cancel an event requiring winding up in accordance with Section 22.302(1)(B) or 22.302(2), as applicable.

(b) A person shall file a restated certificate of formation as provided by Chapter 4, and the restated certificate of formation takes effect as provided by Subchapter B, Chapter 3.

Added by Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 67, eff. January 1, 2006.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 32 (S.B. 860), Sec. 27, eff. September 1, 2015.

SUBCHAPTER D. MEMBERS

Sec. 22.151. MEMBERS. (a) A corporation may have one or more classes of members or may have no members.

(b) If the corporation has one or more classes of members, the corporation's certificate of formation or bylaws must include:

(1) a designation of each class;

(2) the manner of the election or appointment of the members of each class; and

(3) the qualifications and rights of the members of each class.

(c) A corporation may issue a certificate, card, or other instrument evidencing membership rights, voting rights, or ownership rights as authorized by the certificate of formation or bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.152. IMMUNITY FROM LIABILITY. The members of a corporation are not personally liable for a debt, liability, or obligation of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.153. ANNUAL MEETING. (a) Except as provided by Subsection (b), a corporation shall hold an annual meeting of the members at a time that is stated in or determined in accordance with the corporation's bylaws.

(b) If the bylaws provide for more than one regular meeting of members each year, an annual meeting is not required. If an annual meeting is not required, directors may be elected at a meeting as provided by the bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.154. FAILURE TO CALL ANNUAL MEETING. (a) If the board of directors of a corporation fails to call the annual meeting of members when required, a member of the corporation may demand that the meeting be held within a reasonable time. The demand must be made in writing and sent to an officer of the corporation by certified or registered mail, return receipt requested, or by other means specified in the corporation's governing documents.

(b) If a required annual meeting is not called before the 61st day after the date of demand, a member of the corporation may compel the holding of the meeting by legal action directed against the board of directors, and each of the extraordinary writs of common law and of courts of equity are available to the member to compel the holding of the meeting. Each member has a justiciable interest sufficient to enable the member to institute and prosecute the legal proceedings.

(c) Failure to hold a required annual meeting at the designated time does not result in the winding up and termination of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 87, eff. September 1, 2007.

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. 1518), Sec. 28, eff. September 1, 2017.

Sec. 22.155. SPECIAL MEETINGS OF MEMBERS. A special meeting of the members of a corporation may be called by:

(1) the president;

(2) the board of directors;

(3) members having not less than one-tenth of the votes entitled to be cast at the meeting; or

(4) other officers or persons as provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.156. NOTICE OF MEETING. (a) A corporation other than a church shall provide written notice of the place, date, and time of a meeting of the members of the corporation and, if the meeting is a special meeting, the purpose or purposes for which the meeting is called. The notice shall be delivered to each member entitled to vote at the meeting not later than the 10th day and not earlier than the 60th day before the date of the meeting. Notice may be delivered personally or in accordance with Section 6.051(b).

(b) Notice of a meeting of the members of a corporation that is a church is sufficient if given by oral announcement at a regularly scheduled worship service before the meeting or as otherwise provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.157. SPECIAL BYLAWS AFFECTING NOTICE. (a) A corporation may provide in the corporation's bylaws that notice of an annual or regular meeting is not required.

(b) A corporation having more than 1,000 members at the time a meeting is scheduled or called may provide notice of a meeting by publication in a newspaper of general circulation in the community in which the principal office of the corporation is located, if the corporation provides for that notice in its bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.158. PREPARATION AND INSPECTION OF LIST OF VOTING MEMBERS. (a) After setting a record date for the notice of a meeting, a corporation shall prepare an alphabetical list of the names of all its voting members. The list must identify:

(1) the members who are entitled to notice and the members who are not entitled to notice of the meeting;

(2) the address of each voting member; and

(3) the number of votes each voting member is entitled to cast at the meeting.

(b) Not later than the second business day after the date notice is given of a meeting for which a list was prepared in accordance with Subsection (a), and continuing through the meeting, the list of voting members must be available at the corporation's principal office or at a reasonable place in the municipality in which the meeting will be held, as identified in the notice of the meeting, for inspection by members entitled to vote at the meeting for the purpose of communication with other members concerning the meeting.

(c) A voting member or voting member's agent or attorney is entitled on written demand to inspect and, at the member's expense and subject to Section 22.351, copy the list at a reasonable time during the period the list is available for inspection.

(d) Repealed by Acts 2023, 88th Leg., R.S., Ch. 27 (S.B. 1514), Sec. 59(4), eff. September 1, 2023.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2023, 88th Leg., R.S., Ch. 27 (S.B. 1514), Sec. 59(4), eff. September 1, 2023.

Sec. 22.159. QUORUM OF MEMBERS. (a) Unless otherwise provided by the certificate of formation or bylaws of a corporation, members of the corporation holding one-tenth of the votes entitled to be cast, in person or by proxy, constitute a quorum.

(b) The vote of the majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present is the act of the members meeting, unless the vote of a greater number is required by law or the certificate of formation or bylaws.

(c) Unless otherwise provided by the certificate of formation or bylaws, a church incorporated before May 12, 1959, is considered to have provided in the certificate of formation or bylaws that members present at a meeting for which notice has been given constitute a quorum.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.160. VOTING OF MEMBERS. (a) Each member of a corporation, regardless of class, is entitled to one vote on each matter submitted to a vote of the corporation's members, except to the extent that the voting rights of members of a class are limited, enlarged, or denied by the certificate of formation or bylaws of the corporation.

(b) A member may vote in person or, unless otherwise provided by the certificate of formation or bylaws, by proxy executed in writing by the member or the member's attorney-in-fact.

(c) Unless otherwise provided by the proxy, a proxy is revocable and expires 11 months after the date of its execution. A proxy may not be irrevocable for longer than 11 months.

(d) If authorized by the certificate of formation or bylaws of the corporation, a member vote on any matter may be conducted by mail, by facsimile transmission, by electronic message, or by any combination of those methods.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.161. ELECTION OF DIRECTORS. (a) A member entitled to vote at an election of directors is entitled to vote, in person or by proxy, for as many persons as there are directors to be elected and for whose election the member has a right to vote.

(b) If expressly authorized by the corporation's certificate of formation, the member may cumulate the member's vote by:

(1) giving one candidate a number of votes equal to the number of the directors to be elected multiplied by the member's vote; or

(2) distributing the votes on the same principle among any number of the candidates.

(c) A member who intends to cumulate votes under Subsection (b) shall give written notice of the member's intention to the secretary of the corporation not later than the day preceding the date of the election.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.162. GREATER VOTING REQUIREMENTS UNDER CERTIFICATE OF FORMATION. If the corporation's certificate of formation requires the vote or concurrence of a greater proportion of the members of a corporation than is required by this chapter with respect to an action to be taken by the members, the certificate of formation controls.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.163. RECORD DATE FOR DETERMINATION OF MEMBERS. (a) The record date for determining members of a corporation may be set as provided by Section 6.101.

(b) If a record date is not set under Section 6.101:

(1) members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting;

(2) members at the close of business on the business day preceding the date notice is given, or if notice is waived, at the close of business on the business day preceding the date of the meeting, are entitled to notice of a meeting of members; and

(3) members at the close of business on the later of the day the board of directors adopts the resolution relating to the action or the 60th day before the date of the action are entitled to exercise any rights regarding any other lawful action.

(c) The record date for the determination of members entitled to notice of or to vote at a meeting is effective for an adjournment of the meeting unless the board of directors of a corporation sets a new date for determining the right to notice of or to vote at the adjournment.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 88, eff. September 1, 2007.

Sec. 22.164. VOTE REQUIRED TO APPROVE FUNDAMENTAL ACTION. (a) In this section, "fundamental action" means:

(1) an amendment of a certificate of formation, including an amendment required for the cancellation of an event requiring winding up in accordance with Section 11.152(b);

(2) a voluntary winding up under Chapter 11;

(3) a revocation of a voluntary decision to wind up under Section 11.151;

(4) a cancellation of an event requiring winding up under Section 11.152(a);

(5) a reinstatement under Section 11.202;

(6) a distribution plan under Section 22.305;

(7) a plan of merger under Subchapter F;

(8) a sale of all or substantially all of the assets of a corporation under Subchapter F;

(9) a plan of conversion under Subchapter F; or

(10) a plan of exchange under Subchapter F.

(b) Except as otherwise provided by Subsection (c) or (d) or the certificate of formation in accordance with Section 22.162, the vote required for approval of a fundamental action is:

(1) at least two-thirds of the votes that members present in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote, if the corporation has members with voting rights;

(2) at least two-thirds of the votes of members present at the meeting at which the action is submitted for a vote, if the management of the affairs of the corporation is vested in the corporation's members under Section 22.202; or

(3) the affirmative vote of the majority of the directors in office, if the corporation has no members or has no members with voting rights.

(c) If any class of members is entitled to vote on the fundamental action as a class by the terms of the certificate of formation or the bylaws, the vote required for the approval of the fundamental action is the vote required by Subsection (b)(1) and at least two-thirds of the votes that the members of each class in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote.

(d) If the corporation has no members or has no members with voting rights and the corporation does not hold any assets and has not solicited any assets or otherwise engaged in activities, the vote required for approval of a fundamental action consisting of an amendment to the certificate of formation to cancel an event requiring winding up or any of the actions described by Subsections (a)(2) through (a)(6) is the affirmative vote of a majority of the organizers or a majority of the directors in office.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 89, eff. September 1, 2007.

Acts 2015, 84th Leg., R.S., Ch. 32 (S.B. 860), Sec. 28, eff. September 1, 2015.

SUBCHAPTER E. MANAGEMENT

Sec. 22.201. MANAGEMENT BY BOARD OF DIRECTORS. Except as provided by Section 22.202, the affairs of a corporation are managed by a board of directors. The board of directors may be designated by any name appropriate to the customs, usages, or tenets of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.202. MANAGEMENT BY MEMBERS. (a) The certificate of formation of a corporation may vest the management of the affairs of the corporation in the members of the corporation. If the corporation has a board of directors, the corporation may limit the authority of the board to the extent provided by the certificate of formation or bylaws.

(b) A corporation is considered to have vested the management of the corporation's affairs in the board of directors of the corporation in the absence of a provision to the contrary in the certificate of formation, unless the corporation is a church organized and operating under a congregational system that:

(1) was incorporated before January 1, 1994; and

(2) has the management of its affairs vested in the corporation's members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.203. BOARD MEMBER ELIGIBILITY REQUIREMENTS. A director of a corporation is not required to be a resident of this state or a member of the corporation unless the certificate of formation or a bylaw of the corporation imposes that requirement. The certificate of formation or bylaws may prescribe other qualifications for directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.204. NUMBER OF DIRECTORS. (a) If the corporation has a board of directors, a corporation may not have fewer than three directors. The number of directors shall be set by, or in the manner provided by, the certificate of formation or bylaws of the corporation, except that the number of directors on the initial board of directors must be set by the certificate of formation.

(b) The number of directors may be increased or decreased by amendment to, or in the manner provided by, the certificate of formation or bylaws. A decrease in the number of directors may not shorten the term of an incumbent director.

(c) In the absence of a provision of the certificate of formation or a bylaw setting the number of directors or providing for the manner in which the number of directors shall be determined, the number of directors is the same as the number constituting the initial board of directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.205. DESIGNATION OF INITIAL BOARD OF DIRECTORS. If the corporation is to be managed by a board of directors, the certificate of formation of a corporation must state the names of the members of the initial board of directors of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.206. ELECTION OR APPOINTMENT OF BOARD OF DIRECTORS. Directors other than the initial directors are elected, appointed, or designated in the manner provided by the certificate of formation or bylaws. If the method of election, designation, or appointment is not provided by the certificate of formation or bylaws, directors other than the initial directors are elected by the board of directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.207. ELECTION AND CONTROL BY CERTAIN ENTITIES. (a) The board of directors of a religious, charitable, educational, or eleemosynary corporation may be affiliated with, elected, and controlled by an incorporated or unincorporated convention, conference, or association organized under the laws of this or another state, the membership of which is composed of representatives, delegates, or messengers from a church or other religious association.

(b) The board of directors of a corporation may be wholly or partly elected by one or more associations or corporations organized under the laws of this or another state if:

(1) the certificate of formation or bylaws of the corporation provide for that election; and

(2) the corporation has no members with voting rights.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.208. TERM OF OFFICE. (a) Unless the director resigns or is removed, a director on the initial board of directors of a corporation holds office until the first annual election of directors or for the period specified in the certificate of formation or bylaws of the corporation. Directors other than the initial directors are elected, appointed, or designated for the terms provided by the certificate of formation or bylaws.

(b) In the absence of a provision in the certificate of formation or bylaws setting the term of office for directors, a director holds office until the next annual election of directors and until a successor is elected, appointed, or designated and qualified.

(c) A director may be removed from office as provided in Section 22.211.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 68, eff. January 1, 2006.

Sec. 22.209. CLASSIFICATION OF DIRECTORS. Directors may be divided into classes. The terms of office of the several classes are not required to be uniform.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.210. NON-DIRECTOR RIGHTS AND LIMITATIONS. The certificate of formation or bylaws of a corporation may provide that a person who is not a director is entitled to receive notice of and to attend meetings of the board of directors. By having those rights, the person does not have the authority, duties, or liabilities of a director and is not a governing person of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:
Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. 1971), Sec. 18, eff. September 1, 2019.

Sec. 22.211. REMOVAL OF DIRECTOR. (a) A director of a corporation may be removed from office under any procedure provided by the certificate of formation or bylaws of the corporation.

(b) In the absence of a provision for removal in the certificate of formation or bylaws, a director may be removed from office, with or without cause, by the persons entitled to elect, designate, or appoint the director. If the director was elected to office, removal requires an affirmative vote equal to the vote necessary to elect the director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.2111. RESIGNATION OF DIRECTOR. Except as provided by the certificate of formation or bylaws, a director of a corporation may resign at any time by providing written notice to the corporation.

Added by Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 69, eff. January 1, 2006.

Sec. 22.212. VACANCY. (a) Unless otherwise provided by the certificate of formation or bylaws of the corporation, a vacancy in the board of directors of a corporation shall be filled by the affirmative vote of the majority of the remaining directors, regardless of whether that majority is less than a quorum. A director elected to fill a vacancy is elected for the unexpired term of the member's predecessor in office.

(b) A vacancy in the board occurring because of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose. If a corporation has no members or has no members with the right to vote on the vacancy, the vacancy shall be filled as provided by the certificate of formation or bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.213. QUORUM. (a) A quorum for the transaction of business by the board of directors of a corporation is the lesser of:

(1) the majority of the number of directors set by the corporation's bylaws or, in the absence of a bylaw setting the number of directors, a majority of the number of directors stated in the corporation's certificate of formation; or

(2) any number, not less than three, set as a quorum by the certificate of formation or bylaws.

(b) A director present by proxy at a meeting may not be counted toward a quorum.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.214. ACTION BY DIRECTORS. The act of a majority of the directors present in person or by proxy at a meeting at which a quorum is present at the time of the act is the act of the board of directors of a corporation, unless the act of a greater number is required by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. 1518), Sec. 29, eff. September 1, 2017.

Sec. 22.215. VOTING IN PERSON OR BY PROXY. A director of a corporation may vote in person or, if authorized by the certificate of formation or bylaws of the corporation, by proxy executed in writing by the director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.216. TERM AND REVOCABILITY OF PROXY. (a) A proxy expires three months after the date the proxy is executed.

(b) A proxy is revocable unless otherwise provided by the proxy or made irrevocable by law.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.217. NOTICE OF MEETING; WAIVER OF NOTICE. (a) Regular meetings of the board of directors of a corporation may be held with or without notice as prescribed by the corporation's bylaws.

(b) Special meetings of the board of directors shall be held with notice as prescribed by the bylaws. Attendance of a director at a meeting constitutes a waiver of notice, unless the director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Unless required by the bylaws, the business to be transacted at, or the purpose of, a regular or special meeting of the board of directors is not required to be specified in the notice or waiver of notice of the meeting.

(d) Notice may be delivered personally or in accordance with Section 6.051(b).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.218. MANAGEMENT COMMITTEE. (a) If authorized by the certificate of formation or bylaws of the corporation, the board of directors of a corporation, by resolution adopted by the majority of the directors in office, may designate one or more committees to have and exercise the authority of the board in the management of the corporation to the extent provided by:

(1) the resolution;

(2) the certificate of formation; or

(3) the bylaws.

(b) A committee designated under this section must consist of at least two persons. Except as provided by Subsection (b-1), the majority of the persons on the committee must be directors. If provided by the certificate of formation or bylaws, the remaining persons on the committee are not required to be directors.

(b-1) If a corporation is a religious institution and if provided by the corporation's certificate of formation or bylaws, a committee designated under this section may be composed entirely of persons who are not directors of the corporation.

(c) The designation of a committee and the delegation of authority to the committee does not operate to relieve the board of directors, or an individual director, of any responsibility imposed on the board or director by law. A committee member who is not a director has the same responsibility with respect to the committee as a committee member who is a director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1007 (H.B. 4103), Sec. 1, eff. September 1, 2009.

Sec. 22.219. OTHER COMMITTEES. (a) The board of directors of a corporation, by resolution adopted by the majority of the directors at a meeting at which a quorum is present, or the president, if authorized by a similar resolution of the board of directors or by the certificate of formation or bylaws of the corporation, may designate and appoint one or more committees that do not have the authority of the board of directors in the management of the corporation.

(b) The membership on a committee designated under this section may be limited to directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.220. ACTION WITHOUT MEETING OF DIRECTORS OR COMMITTEE. (a) The certificate of formation or bylaws of a corporation may provide that an action required by this chapter to be taken at a meeting of the corporation's directors or an action that may be taken at a meeting of the directors or a committee may be taken without holding a meeting, providing prior notice, or taking a vote if a written consent, stating the action to be taken, is signed by the number of directors or committee members necessary to take that action at a meeting at which all of the directors or committee members are present and voting. The consent must state the date of each director's or committee member's signature.

(b) Prompt notice of the taking of an action by directors or a committee without a meeting by less than unanimous written consent shall be given to each director or committee member who did not consent in writing to the action.

(c) Notwithstanding a provision of this code, advance notice is not required to be given to take an action by written consent as provided by this section.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 90, eff. September 1, 2007.

Acts 2023, 88th Leg., R.S., Ch. 27 (S.B. 1514), Sec. 30, eff. September 1, 2023.

Sec. 22.221. GENERAL STANDARDS FOR DIRECTORS. (a) 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.

(b) A director is not liable to the corporation, a member, or another person for an action taken or not taken as a director if the director acted in compliance with this section. A person seeking to establish liability of a director must prove that the director did not act:

(1) in good faith;

(2) with ordinary care; and

(3) in a manner the director reasonably believed to be in the best interest of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.222. RELIGIOUS CORPORATION DIRECTOR'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION. A director of a religious corporation, in the discharge of a duty imposed or power conferred on the director, including a duty imposed or power conferred as a committee member, may rely in good faith on information or on an opinion, report, or statement, including a financial statement or other financial data, concerning the corporation or another person that was prepared or presented by:

(1) a religious authority; or

(2) a minister, priest, rabbi, or other person whose position or duties in the religious organization the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 91, eff. September 1, 2007.

Sec. 22.223. NOT A TRUSTEE. A director of a corporation is not considered to have the duties of a trustee of a trust with respect to the corporation or with respect to property held or administered by the corporation, including property subject to restrictions imposed by the donor or transferor of the property.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.224. DELEGATION OF INVESTMENT AUTHORITY. (a) The board of directors of a corporation may:

(1) contract with an advisor who is an investment counsel or a trust company, bank, investment advisor, or investment manager; and

(2) confer on that advisor the authority to:

(A) purchase or otherwise acquire a stock, bond, security, or other investment on behalf of the corporation; and

(B) sell, transfer, or otherwise dispose of an asset or property of the corporation at a time and for a consideration the advisor considers appropriate.

(b) The board of directors may:

(1) confer on an advisor described by Subsection (a) other powers regarding the corporation's investments as the board considers appropriate; and

(2) authorize the advisor to hold title to an asset or property of the corporation, in the advisor's own name or in the name of a nominee, for the benefit of the corporation.

(c) The board of directors is not liable for an action taken or not taken by an advisor under this section if the board acted in good faith and with ordinary care in selecting the advisor. The board of directors may remove or replace the advisor, with or without cause, if the board considers that action appropriate or necessary.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.225. LOAN TO DIRECTOR PROHIBITED. (a) A corporation may not make a loan to a director.

(b) The directors of a corporation who vote for or assent to the making of a loan to a director, and any officer who participates in making the loan, are jointly and severally liable to the corporation for the amount of the loan until the loan is repaid.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.226. DIRECTOR LIABILITY FOR CERTAIN DISTRIBUTIONS OF ASSETS. (a) In addition to any other liability imposed by law on the directors of a corporation, the directors who vote for or assent to a distribution of assets other than in payment of the corporation's debts, when the corporation is insolvent or when distribution would render the corporation insolvent, or during the liquidation of the corporation, without the payment and discharge of or making adequate provisions for any known debt, obligation, or liability of the corporation, are jointly and severally liable to the corporation for the value of the assets distributed, to the extent that the debt, obligation, or liability is not paid and discharged.

(b) A director is not liable under this section if, in voting for or assenting to a distribution, the director:

(1) relied in good faith and with ordinary care on information or an opinion, report, or statement in accordance with Section 3.102;

(2) acting in good faith and with ordinary care, considered the assets of the corporation to be at least equal to their book value; or

(3) in determining whether the corporation made adequate provision for the discharge of all of its liabilities and obligations as provided in Section 11.053, relied in good faith and with ordinary care on financial statements of, or other information concerning, a person who was or became contractually obligated to discharge some or all of those liabilities or obligations.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.227. DISSENT TO OR ABSTENTION FROM ACTION. (a) A director of a corporation who is present at a meeting of the board of directors at which action is taken on a corporate matter described by Section 22.226(a) is presumed to have assented to the action unless:

(1) the director's dissent or abstention has been entered in the minutes of the meeting;

(2) the director has filed a written dissent or abstention with respect to the action with the person acting as the secretary of the meeting before the meeting is adjourned; or

(3) the director has sent to the secretary of the corporation, within a reasonable time after the meeting has been adjourned, a written dissent or abstention by:

(A) certified or registered mail, return receipt requested; or

(B) other means specified in the corporation's governing documents.

(b) The right to dissent or abstain under this section does not apply to a director who voted in favor of the action.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. 1518), Sec. 30, eff. September 1, 2017.

Sec. 22.228. RELIANCE ON WRITTEN OPINION OF ATTORNEY. A director is not liable under Section 22.226 or 22.227 if, in the exercise of ordinary care, the director acted in good faith and in reliance on the written opinion of an attorney for the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.229. RIGHT TO CONTRIBUTION. A director against whom a claim is asserted under Section 22.226 or 22.227 and who is held liable on the claim is entitled to contribution from persons who accepted or received the distribution knowing the distribution to have been made in violation of that section, in proportion to the amounts received by those persons.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.230. CONTRACTS OR TRANSACTIONS INVOLVING INTERESTED DIRECTORS, OFFICERS, AND MEMBERS. (a) This section applies to a contract or transaction between a corporation and:

(1) one or more directors, officers, or members, or one or more affiliates or associates of one or more directors, officers, or members, of the corporation; or

(2) an entity or other organization in which one or more directors, officers, or members, or one or more affiliates or associates of one or more directors, officers, or members, of the corporation:

(A) is a managerial official or a member; or

(B) has a financial interest.

(b) An otherwise valid and enforceable contract or transaction is valid and enforceable, and is not void or voidable, notwithstanding any relationship or interest described by Subsection (a), if any one of the following conditions is satisfied:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed to or known by:

(A) the corporation's board of directors, a committee of the board of directors, or the members, and the board, the committee, or the members in good faith and with ordinary care authorize the contract or transaction by the affirmative vote of the majority of the disinterested directors, committee members or members, regardless of whether the disinterested directors, committee members or members constitute a quorum; or

(B) the members entitled to vote on the authorization of the contract or transaction, and the contract or transaction is specifically approved in good faith and with ordinary care by a vote of the members; or

(2) the contract or transaction is fair to the corporation when the contract or transaction is authorized, approved, or ratified by the board of directors, a committee of the board of directors, or the members.

(c) Common or interested directors or members of a corporation may be included in determining the presence of a quorum at a meeting of the board, a committee of the board, or members that authorizes the contract or transaction.

(d) A person who has the relationship or interest described by Subsection (a) may:

(1) be present at or participate in and, if the person is a director, member, or committee member, may vote at a meeting of the board of directors, of the members, or of a committee of the board that authorizes the contract or transaction; or

(2) sign, in the person's capacity as a director, member, or committee member, a written consent of the directors, members, or committee members to authorize the contract or transaction.

(e) If at least one of the conditions of Subsection (b) is satisfied, neither the corporation nor any of the corporation's members will have a cause of action against any of the persons described by Subsection (a) for breach of duty with respect to the making, authorization, or performance of the contract or transaction because the person had the relationship or interest described by Subsection (a) or took any of the actions authorized by Subsection (d).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 139 (S.B. 748), Sec. 33, eff. September 1, 2011.

Acts 2023, 88th Leg., R.S., Ch. 27 (S.B. 1514), Sec. 31, eff. September 1, 2023.

Sec. 22.231. OFFICERS. (a) The officers of a corporation shall include a president and a secretary and may include one or more vice presidents, a treasurer, and other officers and assistant officers as considered necessary. Any two or more offices, other than the offices of president and secretary, may be held by the same person.

(b) A properly designated committee may perform the functions of an officer. A single committee may perform the functions of any two or more officers, including the functions of president and secretary.

(c) The officers of a corporation may be designated by other or additional titles as provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.232. ELECTION OR APPOINTMENT OF OFFICERS. (a) An officer of a corporation shall be elected or appointed at the time, in the manner, and for the terms prescribed by the certificate of formation or bylaws of the corporation. The term of an officer may not exceed three years.

(b) If the certificate of formation or bylaws do not include provisions for the election or appointment of officers, the officers shall be elected or appointed annually by the board of directors or, if the management of the corporation is vested in the corporation's members, by the members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.233. APPLICATION TO CHURCH. A corporation that is a church is not required to have officers as provided by this subchapter. The duties and responsibilities of the officers may be vested in the corporation's board of directors or other designated body in any manner provided for by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.234. RELIGIOUS CORPORATION OFFICER'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION. An officer of a religious corporation, in the discharge of a duty imposed or power conferred on the officer, may rely in good faith and with ordinary care on information or on an opinion, report, or statement, including a financial statement or other financial data, concerning the corporation or another person that was prepared or presented by:

(1) a religious authority; or

(2) a minister, priest, rabbi, or other person whose position or duties in the religious organization the officer believes justify reliance and confidence and whom the officer believes to be reliable and competent in the matters presented.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 92, eff. September 1, 2007.

Sec. 22.235. OFFICER LIABILITY. (a) An officer is not liable to the corporation or any other person for an action taken or omission made by the officer in the person's capacity as an officer unless the officer's conduct was not exercised:

(1) in good faith;

(2) with ordinary care; and

(3) in a manner the officer reasonably believes to be in the best interest of the corporation.

(b) This section shall not affect the liability of the corporation for an act or omission of the officer.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER F. FUNDAMENTAL BUSINESS TRANSACTIONS

Sec. 22.251. APPROVAL OF MERGER. (a) A domestic corporation that is a party to a merger under Chapter 10 must approve the merger by complying with this section.

(b) If the corporation that is a party to the merger has no members or has no members with voting rights, the plan of merger must be approved by the vote of directors required by Section 22.164.

(c) If the management of the affairs of the corporation that is a party to the merger is vested in its members under Section 22.202, the plan of merger:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) If the corporation that is a party to the merger has members with voting rights:

(1) the board of directors must adopt a resolution that:

(A) approves the plan of merger; and

(B) directs that the plan be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the plan of merger by the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.252. APPROVAL OF SALE OF ALL OR SUBSTANTIALLY ALL OF ASSETS. (a) A corporation must approve the sale of all or substantially all of its assets by complying with this section.

(b) If the corporation has no members or has no members with voting rights, the sale of all or substantially all of the assets of the corporation must be authorized by the vote of directors required by Section 22.164.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, a resolution authorizing a sale of all or substantially all of the assets of the corporation:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) If the corporation has members with voting rights:

(1) the board of directors of the corporation must adopt a resolution that:

(A) recommends the sale; and

(B) directs that the resolution be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the resolution by the vote required by Section 22.164.

(e) At the meeting required by Subsection (c) or (d), in addition to approving the resolution authorizing the sale, the members may set, or authorize the board of directors to set, the terms and conditions of the sale and the consideration to be received by the corporation for the sale by the same vote of members.

(f) After the members authorize a sale under Subsection (d), the board of directors may abandon the sale, subject to the rights of third parties under any contracts relating to the sale, without further action or approval by members.

(g) Notwithstanding Subsection (d), if a corporation is insolvent, a sale of all or substantially all of the assets of the corporation may be authorized on receiving the affirmative vote of the majority of the directors in office.

(h) The phrase "sale of all or substantially all of the assets" means the sale, lease, exchange, or other disposition, other than a pledge, mortgage, deed of trust, or trust indenture unless otherwise provided by the certificate of formation, of all or substantially all of the property and assets of a domestic corporation that is not made in the usual and regular course of the corporation's activities without regard to whether the disposition is made with the goodwill of the corporation's activities. The term does not include a transaction that results in the corporation directly or indirectly:

(1) continuing to engage in one or more activities; or

(2) applying a portion of the consideration received in connection with the transaction to the conduct of an activity that the corporation engages in after the transaction.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.253. MEETING OF MEMBERS; NOTICE. (a) The corporation must give to each member entitled to vote at a meeting described by Section 22.251(c) or (d) or

Section 22.252(c) or (d) a written notice stating that the purpose or one of the purposes of the meeting is to consider the plan of merger or the sale of all or substantially all of the assets of the corporation. The notice must be given in the time and manner provided by Chapter 6 and this chapter for giving notice of a meeting to members.

(b) A vote of members entitled to vote at the meeting shall be taken on the plan of merger or the resolution authorizing the sale of all or substantially all of the assets of the corporation. The members must approve the plan or resolution by the vote required by Section 22.164.

(c) For a meeting to vote on a plan of merger, the notice of the meeting must contain the plan of merger or a summary of the plan of merger.

(d) For a corporation the management of the affairs of which is vested in its members under Section 22.202, the notice of the meeting is subject to the provisions of the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.254. PLEDGE, MORTGAGE, DEED OF TRUST, OR TRUST INDENTURE. (a) Except as otherwise provided by Subsection (b) or by the corporation's certificate of formation:

(1) the board of directors of a corporation may authorize a pledge, mortgage, deed of trust, or trust indenture; and

(2) an authorization or consent of members is not required for the validity of the transaction or for any sale under the terms of the transaction.

(b) If the management of the affairs of a corporation is vested in the corporation's members under Section 22.202:

(1) the members may authorize a pledge, mortgage, deed of trust, or trust indenture in the manner provided by Section 22.252(c) for a sale of all or substantially all of the assets of a corporation; and

(2) an authorization by the board of directors is not required for the validity of the transaction or for any sale under the terms of the transaction.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.255. CONVEYANCE BY CORPORATION. A corporation may convey real property of the corporation when authorized by appropriate resolution of the board of directors or members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.256. APPROVAL OF CONVERSION. (a) A domestic corporation must approve a conversion under Chapter 10 by complying with this section.

(b) If the corporation has no members or has no members with voting rights, the plan of conversion must be approved by the vote of directors required by

Section 22.164.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, the plan of conversion:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) If the corporation has members with voting rights:

(1) the board of directors must adopt a resolution that:

(A) approves the plan of conversion; and

(B) directs that the plan be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the plan of conversion by the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.257. APPROVAL OF EXCHANGE. (a) A domestic corporation must approve an exchange under Chapter 10 by complying with this section.

(b) If the corporation has no members or has no members with voting rights, the plan of exchange must be approved by the vote of directors required by Section 22.164.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, the plan of exchange:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) If the corporation has members with voting rights:

(1) the board of directors must adopt a resolution that:

(A) approves the plan of exchange; and

(B) directs that the plan be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the plan of exchange by the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER G. WINDING UP AND TERMINATION

Sec. 22.301. APPROVAL OF VOLUNTARY WINDING UP, REINSTATEMENT, REVOCATION OF VOLUNTARY WINDING UP, OR DISTRIBUTION PLAN. A corporation must approve a voluntary winding up in accordance with Chapter 11, a reinstatement in accordance with Section 11.202, a cancellation of an event requiring winding up under Section 11.152(a), a revocation of a voluntary decision to wind up in accordance with

Section 11.151, or a distribution plan in accordance with Section 22.305 by complying with the procedures prescribed by this subchapter.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 93, eff. September 1, 2007.

Sec. 22.302. CERTAIN PROCEDURES FOR APPROVAL. To approve a voluntary winding up, a reinstatement, a cancellation of an event requiring winding up, a revocation of a voluntary decision to wind up, or a distribution plan, a corporation must follow the following procedures:

(1) if the corporation has no members or has no members with voting rights and the corporation:

(A) holds any assets or has solicited any assets or otherwise engaged in activities, the corporation's board of directors must adopt a resolution to wind up, to reinstate, to cancel the event requiring winding up, to revoke a voluntary decision to wind up, or to effect the distribution plan by the vote of directors required by Section 22.164(b)(3); or

(B) does not hold any assets and has not solicited any assets or otherwise engaged in activities, a majority of the organizers or the board of directors of the corporation must adopt a resolution to wind up, to reinstate, to cancel an event requiring winding up, to revoke a voluntary decision to wind up, or to effect the distribution plan by the vote required by Section 22.164(d);

(2) if the management of the affairs of the corporation is vested in the corporation's members under Section 22.202, the winding up, reinstatement, cancellation of event requiring winding up, revocation of voluntary decision to wind up, or distribution plan:

(A) must be submitted to a vote at an annual, regular, or special meeting of members; and

(B) must be approved by the members by the vote required by Section 22.164(b)(2); or

(3) if the corporation has members with voting rights:

(A) the corporation's board of directors must approve a resolution:

(i) recommending the winding up, reinstatement, cancellation of event requiring winding up, revocation of a voluntary decision to wind up, or distribution plan; and

(ii) directing that the winding up, reinstatement, cancellation of event requiring winding up, revocation of a voluntary decision to wind up, or distribution plan of the corporation be submitted to a vote at an annual or special meeting of members; and

(B) the members must approve the action described by Paragraph (A) in accordance with Section 22.303.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2015, 84th Leg., R.S., Ch. 32 (S.B. 860), Sec. 29, eff. September 1, 2015.

Sec. 22.303. MEETING OF MEMBERS; NOTICE. (a) The corporation must give to each member entitled to vote at a meeting described by Section 22.302(2) or (3) a written notice stating that the purpose or one of the purposes of the meeting is to consider the winding up, reinstatement, cancellation of event requiring winding up, revocation of the voluntary decision to wind up, or distribution plan of the corporation. The notice must be given in the time and manner provided by Chapter 6 and this chapter for the giving of notice of a meeting to members.

(b) A vote of members entitled to vote at the meeting shall be taken on the resolution to wind up, reinstate, cancel the event requiring winding up, revoke the voluntary decision to wind up, or effect the distribution plan of the corporation. The members must approve the resolution by the vote required under Section 22.164.

(c) For a meeting to vote on a distribution plan, the notice of the meeting must contain the proposed plan of distribution or a summary of the plan.

(d) For a corporation the management of the affairs of which is vested in its members under Section 22.202, the notice of the meeting is subject to the provisions of the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.304. APPLICATION AND DISTRIBUTION OF PROPERTY. (a) After all liabilities and obligations of a corporation in the process of winding up are paid, satisfied, and discharged in accordance with Section 11.053, the property of the corporation shall be applied and distributed as follows:

(1) property held by the corporation on a condition requiring return, transfer, or conveyance because of the winding up or termination shall be returned, transferred, or conveyed in accordance with that requirement; and

(2) unless otherwise provided by the corporation's certificate of formation, the remaining property of the corporation shall be distributed only for tax-exempt purposes to one or more organizations that are exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code, under a plan of distribution adopted under this chapter.

(b) A district court of the county in which the corporation's principal office is located shall distribute to one or more organizations exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code, the property of the corporation remaining after a distribution of property under the plan of distribution. The court shall make the distribution in the manner the court determines will best accomplish the general purposes for which the corporation was organized.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.305. DISTRIBUTION PLAN. A plan providing for the distribution of property may be adopted by a corporation in the process of winding up, and shall be adopted by a corporation to authorize a transfer or conveyance of assets for which this chapter requires a plan of distribution, in the manner provided by this subchapter.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.307. RESPONSIBILITY FOR WINDING UP. If a corporation determines or is required to wind up, the winding up of the corporation's affairs shall be managed by:

(1) the directors, if management of the affairs is not vested in the corporation's members under Section 22.202; or

(2) the members, if management of the affairs is vested in the corporation's members under Section 22.202.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER H. RECORDS AND REPORTS

Sec. 22.351. MEMBER'S RIGHT TO INSPECT BOOKS AND RECORDS. A member of a corporation, on written demand stating the purpose of the demand, is entitled to examine and copy at the member's expense, in person or by agent, accountant, or attorney, at any reasonable time and for a proper purpose, the books and records of the corporation relevant to that purpose.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.352. FINANCIAL RECORDS AND ANNUAL REPORTS. (a) A corporation shall maintain current and accurate financial records with complete entries as to each financial transaction of the corporation, including income and expenditures, in accordance with generally accepted accounting principles.

(b) Based on the records maintained under Subsection (a), the board of directors of the corporation shall annually prepare or approve a financial report for the corporation for the preceding year. The report must conform to accounting standards as adopted by the American Institute of Certified Public Accountants and must include:

(1) a statement of support, revenue, and expenses;

(2) a statement of changes in fund balances;

(3) a statement of functional expenses; and

(4) a balance sheet for each fund.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.353. AVAILABILITY OF FINANCIAL INFORMATION FOR PUBLIC INSPECTION. (a) A corporation shall keep each document the corporation is required to make available for public inspection as an entity that is exempt from income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code, at the corporation's registered or principal office in this state for at least three years after the close of the fiscal year.

(b) The corporation shall make the documents described by Subsection (a) available to the public for inspection and copying at the corporation's registered or principal office during regular business hours. The corporation may charge a reasonable fee for preparing a copy of a document.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2023, 88th Leg., R.S., Ch. 434 (H.B. 1957), Sec. 1, eff. September 1, 2023.

Sec. 22.354. FAILURE TO MAINTAIN FINANCIAL RECORD OR PREPARE ANNUAL REPORT; OFFENSE. (a) A corporation commits an offense if the corporation fails to maintain a financial record, prepare an annual report, or make the record or report available to the public in the manner required by Section 22.353.

(b) An offense under this section is a Class B misdemeanor.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.355. EXEMPTIONS FROM CERTAIN REQUIREMENTS RELATING TO FINANCIAL RECORDS AND ANNUAL REPORTS. Sections 22.352, 22.353, and 22.354 do not apply to:

(1) a corporation that solicits funds only from members of the corporation;

(2) a corporation that does not intend to solicit and receive and does not actually raise or receive during a fiscal year contributions in an amount exceeding $10,000 from a source other than its own membership;

(3) a private or independent institution of higher education described by Section 61.003, Education Code, accredited by a recognized accrediting agency as defined by Section 61.003, Education Code, a postsecondary educational institution authorized to grant degrees under a certificate of authority issued by the Texas Higher Education Coordinating Board or a foundation chartered for the benefit of the institution or any component part of the institution, a career school or college that has received a certificate of approval from the Texas Workforce Commission, a public institution of higher education or a foundation chartered for the benefit of the institution or any component part of the institution, or an elementary or secondary school;

(4) a religious institution that is a church, an ecclesiastical or denominational organization, or another established physical place for worship at which religious services are the primary activity and are regularly conducted;

(5) a trade association or professional society the income of which is principally derived from membership dues and assessments, sales, or services;

(6) an insurer licensed and regulated by the Texas Department of Insurance; or

(7) an alumni association of a public or private institution of higher education in this state that is recognized and acknowledged as the official alumni association by the institution.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 70, eff. January 1, 2006.

Sec. 22.356. CORPORATIONS ASSISTING STATE AGENCIES. (a) In this section, "state agency" means:

(1) a board, commission, department, office, or other entity that is in the executive branch of state government and that was created by the constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code;

(2) the legislature or a legislative agency; or

(3) the supreme court, the court of criminal appeals, a court of appeals, the state bar, or another state judicial agency.

(b) The books and records of a corporation other than a bona fide alumni association are subject to audit at the discretion of the state auditor if:

(1) the corporation's certificate of formation specifically dedicates the corporation's activities to the benefit of a particular state agency; and

(2) a board member, officer, or employee of that state agency is a director of the corporation.

(c) If the corporation's charter specifically dedicates the corporation's activities to the benefit of a particular state agency but the conditions described by Subsection (b)(2) do not exist, a corporation shall file with the secretary of state a copy of the report required by Section 22.352(b) for the preceding fiscal year not later than the 89th day after the last day of the corporation's fiscal year.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.
Amended by:

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. 1971), Sec. 19, eff. September 1, 2019.

Sec. 22.357. REPORT OF DOMESTIC AND FOREIGN CORPORATIONS. (a) The secretary of state may require a domestic corporation or a foreign corporation registered to conduct affairs in this state to file a report in accordance with Chapter 4 not more than once every four years as required by this subchapter. The report must state:

(1) the name of the corporation;

(2) the state or country under the laws of which the corporation is incorporated;

(3) the address of the registered office of the corporation in this state and the name of the registered agent at that address;

(4) if the corporation is a foreign corporation, the address of the principal office of the corporation in the state or country under the laws of which the corporation is incorporated; and

(5) the names and addresses of the directors and officers of the corporation.

(b) A corporation required to prepare a report under this section shall prepare the report on a form adopted by the secretary of state for that purpose and shall include in the report information that is accurate as of the date the report is executed. An officer or, if the corporation is in the hands of a receiver or trustee, the receiver or trustee shall sign the report on behalf of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.358. NOTICE REGARDING REPORT. (a) The secretary of state shall send written notice that the report required by Section 22.357 is due. The notice must be:

(1) addressed to the corporation; and

(2) mailed to the corporation's registered agent or to the corporation at:

(A) the last known address of the corporation as it appears on record in the office of the secretary of state; or

(B) any other known place of business of the corporation.

(b) The secretary of state shall include with the notice a report form to be prepared and filed as provided by this subchapter.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.359. FILING OF REPORT. A copy of the report must be filed with the secretary of state in accordance with Chapter 4 not later than the 30th day after the date notice is mailed under Section 22.358.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.360. FAILURE TO FILE REPORT. (a) A domestic or foreign corporation that fails to file a report under Sections 22.357 and 22.359 when the report is due forfeits the corporation's right to conduct affairs in this state.

(b) The forfeiture takes effect, without judicial action, when the secretary of state enters on the record of the corporation kept in the office of the secretary of state:

(1) the words "right to conduct affairs forfeited"; and

(2) the date of forfeiture.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.361. NOTICE OF FORFEITURE. Notice of forfeiture under Section 22.360 shall be mailed to the corporation's registered agent at the registered office or to the corporation at:

(1) the address of the principal place of business of the corporation as it appears in the certificate of formation;

(2) the last known address of the corporation as it appears on record in the office of the secretary of state; or

(3) any other known place of business of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.362. EFFECT OF FORFEITURE. (a) Unless the right of the corporation to conduct affairs in this state is revived under Section 22.363:

(1) the corporation may not maintain an action, suit, or proceeding in a court of this state; and

(2) a successor or assignee of the corporation may not maintain an action, suit, or proceeding in a court of this state on a right, claim, or demand arising from the conduct of affairs by the corporation in this state.

(b) This section does not affect the right of an assignee of the corporation as:

(1) the holder in due course of a negotiable promissory note, check, or bill of exchange; or

(2) the bona fide purchaser for value of a warehouse receipt, stock certificate, or other instrument negotiable by law.

(c) The forfeiture of the right to conduct affairs in this state does not:

(1) impair the validity of a contract or act of the corporation; or

(2) prevent the corporation from defending an action, suit, or proceeding in a court of this state.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.363. REVIVAL OF RIGHT TO CONDUCT AFFAIRS. (a) A corporation may be relieved from a forfeiture under Section 22.360 by filing the required report, accompanied by the revival fee, not later than the 120th day after the date of mailing of the notice of forfeiture under Section 22.361.

(b) If a corporation complies with Subsection (a), the secretary of state shall:

(1) revive the right of the corporation to conduct affairs in this state;

(2) cancel the words regarding the forfeiture on the record of the corporation; and

(3) endorse on that record the word "revived" and the date of revival.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.364. FAILURE TO REVIVE; TERMINATION OR REVOCATION. (a) The failure of a corporation that has forfeited its right to conduct affairs in this state to revive that right under Section 22.363 is grounds for:

(1) the involuntary termination of the domestic corporation; or

(2) the revocation of the foreign corporation's registration to transact business in this state.

(b) The termination or revocation takes effect, without judicial action, when the secretary of state enters on the record of the corporation filed in the office of the secretary of state the word "forfeited" and the date of forfeiture and cites this chapter as authority for that forfeiture.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.365. REINSTATEMENT. (a) A corporation that is terminated or the registration of which has been revoked as provided by Section 22.364 may be relieved of the termination or revocation by filing the report required by Section 22.357, accompanied by the filing fee for the report, if the corporation has paid:

(1) all fees, taxes, penalties, and interest due and accruing before the termination or revocation; and

(2) an amount equal to the total taxes from the date of termination or revocation to the date of reinstatement that would have been payable if the corporation had not been terminated or had its registration revoked.

(b) When the report is filed and the filing fee is paid to the secretary of state, the secretary of state shall:

(1) reinstate the certificate of formation or registration without judicial action;

(2) cancel the word "forfeited" on the record; and

(3) endorse on the record kept in the secretary's office relating to the corporation the words "set aside" and the date of the reinstatement.

(c) If a termination or revocation is set aside under this section, the corporation shall determine from the secretary of state whether the name of the corporation is available. If the name of the corporation is not available at the time of reinstatement, the corporation shall amend its corporate name under this code.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER I. CHURCH BENEFITS BOARDS

Sec. 22.401. DEFINITION. In this chapter, "church benefits board" means an organization described by Section 414(e)(3)(A), Internal Revenue Code, that:

(1) has the principal purpose or function of administering or funding a plan or program to provide retirement benefits, welfare benefits, or both for the ministers or employees of a church or a conference, convention, or association of churches; and

(2) is controlled by or affiliated with a church or a conference, convention, or association of churches.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.402. PENSIONS AND BENEFITS. When authorized by the corporation's members or as otherwise provided by law, a domestic or foreign nonprofit corporation formed for a religious purpose may provide, directly or through a separate church benefits board, for the support and payment of benefits and pensions to:

(1) the ministers, teachers, employees, trustees, directors, or other functionaries of the corporation;

(2) the ministers, teachers, employees, trustees, directors, or other functionaries of organizations controlled by or affiliated with a church or a conference, convention, or association of churches under the jurisdiction and control of the corporation; and

(3) the spouse, children, dependents, or other beneficiaries of the persons described by Subdivisions (1) and (2).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.403. CONTRIBUTIONS. (a) A church benefits board may provide for:

(1) the collection of contributions and other payments to assist in providing pensions and benefits under this subchapter; and

(2) the creation, maintenance, investment, management, and disbursement of necessary annuities, endowments, reserves, or other funds for a purpose under Subdivision (1).

(b) A church benefits board may receive payments from a trust fund or corporation that funds a church plan as defined by Section 414(e), Internal Revenue Code.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.404. POWER TO ACT AS TRUSTEE. A church benefits board may act as:

(1) a trustee under a lawful trust committed to the board by contract, will, or otherwise; and

(2) an agent for the performance of a lawful act relating to the purposes of the trust.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.405. DOCUMENTS AND AGREEMENTS. A church benefits board may provide to a program participant a certificate or agreement of participation, a debenture, or an indemnification agreement, as appropriate to accomplish the purposes of the board.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.406. INDEMNIFICATION. A church benefits board, or an affiliate wholly owned by the board, may agree to indemnify against damage or risk of loss:

(1) a minister, teacher, employee, trustee, functionary, or director affiliated with the board or a family member, dependent, or beneficiary of one of those persons;

(2) a church or a convention, conference, or association of churches; or

(3) an organization that is controlled by or affiliated with the board or with a church or a convention, conference, or association of churches.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.407. PROTECTION OF BENEFITS. (a) Money or other benefits that have been or will be provided to a participant or a beneficiary under a plan or program provided by or through a church benefits board under this subchapter are not subject to execution, attachment, garnishment, or other process and may not be appropriated or applied as part of a judicial, legal, or equitable process or operation of a law other than a constitution to pay a debt or liability of the participant or beneficiary.

(b) This section does not apply to a qualified domestic relations order or an amount required by the church benefits board to recover costs or expenses incurred in the plan or program.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.408. ASSIGNMENT OF BENEFITS. An assignment or transfer or an attempt to make an assignment or transfer by a beneficiary of money, benefits, or other rights under a plan or program under this subchapter is void if:

(1) the plan or program contains a provision prohibiting the assignment or other transfer without the written consent of the church benefits board; and

(2) the beneficiary assigns or transfers or attempts to make an assignment or transfer without that consent.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.409. INSURANCE CODE NOT APPLICABLE. The Insurance Code does not apply to a church benefits board or a program, plan, benefit, or activity of the board or a person affiliated with the board.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER J. RATIFICATION OF DEFECTIVE CORPORATE ACTS; PROCEEDINGS

Sec. 22.501. DEFINITIONS. In this subchapter:

(1) "Corporate statute," with respect to an action or filing, means this code, the former Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), or any predecessor statute of this state that governed the action or the filing.

(2) "Defective corporate act" means:

(A) an election or appointment of directors that is void or voidable due to a failure of authorization; or

(B) any act or transaction purportedly taken by or on behalf of the corporation that is, and at the time the act or transaction was purportedly taken would have been, within the power of a corporation to take under the corporate statute, but is void or voidable due to a failure of authorization.

(3) "District court" means a district court in:

(A) the county in which the corporation's principal office in this state is located; or

(B) the county in which the corporation's registered office in this state is located, if the corporation does not have a principal office in this state.

(4) "Failure of authorization" means:

(A) the failure to authorize or effect an act or transaction in compliance with the provisions of the corporate statute, the governing documents of the corporation, a corporate resolution, or any plan or agreement to which the corporation is a party, if and to the extent the failure would render the act or transaction void or voidable; or

(B) the failure of the board of directors or an officer of the corporation to authorize or approve an act or transaction taken by or on behalf of the corporation that required the prior authorization or approval of the board of directors or the officer.

(5) "Time of the defective corporate act" means the date and time the defective corporate act was purported to have been taken or the approximate date and time, if the exact date is unknown.

(6) "Validation effective time" or "effective time of the validation," with respect to any defective corporate act ratified under this subchapter, means the latest of:

(A) the time at which the defective corporate act submitted to the members for approval under Section 22.505 is approved by the members or, if the corporation has no members or has no members with voting rights or if no member approval is required, the time at which the board of directors adopts the resolutions required by Section 22.503;

(B) if a certificate of validation is not required to be filed under Section 22.508, the time, if any, specified by the board of directors or the members in the resolutions adopted under Section 22.503, which may not precede the time at which the resolutions are adopted; or

(C) the time at which any certificate of validation filed under Section 22.508 takes effect in accordance with Chapter 4.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.502. RATIFICATION OF DEFECTIVE CORPORATE ACT. Subject to Section 22.509, a defective corporate act is not void or voidable solely as a result of a failure of authorization if the act is:

(1) ratified in accordance with this subchapter; or

(2) validated by the district court in a proceeding brought under Section 22.512.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.503. RATIFICATION OF DEFECTIVE CORPORATE ACT; ADOPTION OF RESOLUTIONS. (a) To ratify one or more defective corporate acts, the board of directors of the corporation shall adopt resolutions stating:

(1) the defective corporate act or acts to be ratified;

(2) the date of each defective corporate act;

(3) the nature of the failure of authorization with respect to each defective corporate act to be ratified; and

(4) that the board of directors approves the ratification of the defective corporate act or acts.

(b) If the corporation has members with voting rights, a resolution may also state that, notwithstanding member approval of the ratification of a defective corporate act that is a subject of the resolution, the board of directors may, with respect to the defective corporate act, abandon the ratification of the defective corporate act at any time before the validation effective time without further member action.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, the members of the corporation shall adopt resolutions stating:

(1) the defective corporate act or acts to be ratified;

(2) the date of each defective corporate act;

(3) the nature of the failure of authorization with respect to each corporate act to be ratified; and

(4) that the members approve the ratification of the defective corporate act or acts.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.504. QUORUM AND VOTING REQUIREMENTS FOR ADOPTION OF RESOLUTIONS. (a) The quorum and voting requirements applicable to the adoption of the resolutions to ratify a defective corporate act under Section 22.503 are the same as the quorum and voting requirements applicable at the time of the adoption of the resolutions for the type of defective corporate act proposed to be ratified.

(b) Notwithstanding Subsection (a) and except as provided by Subsection (c), if in order for a quorum to be present or to approve the defective corporate act, the presence or approval of a larger number or portion of the governing authority would have been required by the governing documents of the corporation, any plan or agreement to which the corporation was a party, or any provision of the corporate statute, each as in effect at the time of the defective corporate act, then the presence or approval of the larger number or portion of such governing authority must be required for a quorum to be present or to adopt the resolutions to ratify the defective corporate act, as applicable.

(c) If the corporation has members with voting rights or if the corporation had members with voting rights at the time of the taking of the defective corporate act, the presence or approval of any director elected, appointed, or nominated by a class of members that no longer exists, or by any person that is no longer a member, shall not be required for a quorum to be present or to adopt the resolutions.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.505. APPROVAL OF RATIFIED DEFECTIVE CORPORATE ACT BY MEMBERS WITH VOTING RIGHTS REQUIRED; EXCEPTION. If the corporation has members with voting rights, each defective corporate act ratified under Section 22.503(a) must be submitted to such members of the corporation for approval as provided by Sections 22.506 and 22.507, unless no other provision of the corporate statute, no provision of the corporation's governing documents, and no provision of any plan or agreement to which the corporation is a party would have required approval by such members of:

(1) the defective corporate act to be ratified at the time of that defective corporate act; or

(2) the type of defective corporate act to be ratified at the time the board of directors adopts the resolutions ratifying that defective corporate act under Section 22.503.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.506. NOTICE REQUIREMENTS FOR RATIFIED DEFECTIVE CORPORATE ACT SUBMITTED FOR APPROVAL OF MEMBERS WITH VOTING RIGHTS. (a) If a corporation has members with voting rights and if the ratification of a defective corporate act is required to be submitted to such members for approval under Section 22.505, notice of the time, place, if any, and purpose of the meeting shall be given at least 20 days before the date of the meeting to:

(1) each member with voting rights as of the record date of the meeting, at the address of the member as it appears or most recently appeared, as appropriate, on the corporation's records; and

(2) each member with voting rights as of the time of the defective corporate act, except that notice is not required to be given to a member whose identity or address cannot be ascertained from the corporation's records.

(b) The notice must contain:

(1) copies of the resolutions adopted by the board of directors under Section 22.503 or the information required by Sections 22.503(a)(1)-(4); and

(2) a statement that, on member approval of the ratification of the defective corporate act made in accordance with this subchapter, the member's right to challenge the defective corporate act is limited to an action claiming that a court of appropriate jurisdiction, in its discretion, should declare:

(A) that the ratification not take effect or that it take effect only on certain conditions, if that action is filed with the court not later than the 120th day after the applicable validation effective time; or

(B) that the ratification was not accomplished in accordance with this subchapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.507. QUORUM AND VOTING FOR APPROVAL OF RATIFIED DEFECTIVE CORPORATE ACT AT MEETING OF MEMBERS WITH VOTING RIGHTS. (a) If the corporation has members with voting rights, at the meeting of such members, the quorum and voting requirements applicable to the approval of the ratification of a defective corporate act under Section 22.505 are the same as the quorum and voting requirements applicable at the time of the approval by the members of the ratification for the type of ratified defective corporate act proposed to be approved, except as provided by this section.

(b) If the presence or approval of a larger number of members or of any class of members would have been required for a quorum to be present or to approve the defective corporate act, as applicable, by the corporation's governing documents, any plan or agreement to which the corporation was a party, or any provision of the corporate statute, each as in effect at the time of the defective corporate act, then the presence or approval of the larger number of members or of the class of members shall be required for a quorum to be present or to approve the ratification of the defective corporate act, as applicable, except that the presence or approval of any class that is no longer in existence or has no members, or of any person that is no longer a member with voting rights, is not required.

(c) The approval by the members with voting rights of the ratification of the election of a director requires the affirmative vote of the majority of members present at the meeting and entitled to vote on the election of the director at the time of the approval, unless the governing documents of the corporation then in effect or in effect at the time of the defective election require or required a larger number of members with voting rights or of any class of members with voting rights to elect the director, in which case the affirmative vote of the larger number of members or of the class of members is required to ratify the election of the director, except that the presence or approval of any class that is no longer in existence or has no members, or of any person that is no longer a member with voting rights, is not required.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.508. CERTIFICATE OF VALIDATION. (a) If a defective corporate act ratified under this subchapter would have required under any other provision of the corporate statute the filing of a filing instrument or other document with the filing officer, the corporation shall file a certificate of validation with respect to the defective corporate act in accordance with Chapter 4, regardless of whether a filing instrument or other document was previously filed with respect to the defective corporate act.

(b) A separate certificate of validation is required for each defective corporate act for which a certificate of validation is required under this section, except that two or more defective corporate acts may be included in a single certificate of validation if the corporation filed, or to comply with the applicable provisions of this code could have filed, a single filing instrument or other document under another provision of this code to effect the acts.

(c) The certificate of validation must include:

(1) each defective corporate act that is a subject of the certificate of validation, including:

(A) the date of the defective corporate act; and

(B) the nature of the failure of authorization with respect to the defective corporate act;

(2) a statement that each defective corporate act was ratified in accordance with this subchapter, including:

(A) the date on which the board of directors ratified each defective corporate act; and

(B) if the corporation has members with voting rights, the date, if any, on which the members approved the ratification of each defective corporate act or, if the management of the affairs of the corporation is vested in its members under Section 22.202, the date on which the members ratified each defective corporate act; and

(3) as appropriate:

(A) if a filing instrument was previously filed with a filing officer under the corporate statute with respect to the defective corporate act and no change to the filing instrument is required to give effect to the defective corporate act as ratified in accordance with this subchapter:

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument; and

(ii) a statement that a copy of the previously filed filing instrument, together with any certificate of correction to the filing instrument, is attached as an exhibit to the certificate of validation;

(B) if a filing instrument was previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the filing instrument requires any change to give effect to the defective corporate act as ratified in accordance with this subchapter, including a change to the date and time of the effectiveness of the filing instrument:

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument;

(ii) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the ratified defective corporate act is attached as an exhibit to the certificate of validation; and

(iii) the date and time that the attached filing instrument is considered to have become effective under this subchapter; or

(C) if a filing instrument was not previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the defective corporate act as ratified under this subchapter would have required under the other applicable provisions of this code the filing of a filing instrument in accordance with Chapter 4, if the defective corporate act had occurred when this code was in effect:

(i) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the defective corporate act, as if the defective corporate act had occurred when this code was in effect, is attached as an exhibit to the certificate of validation; and

(ii) the date and time that the attached filing instrument is considered to have become effective under this subchapter.

(d) A filing instrument attached to a certificate of validation under Subsection (c)(3)(B) or (C) does not need to be executed separately and does not need to include any statement required by any other provision of this code that the instrument has been approved and adopted in accordance with that provision.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 39 (S.B. 1203), Sec. 25, eff. September 1, 2021.

Sec. 22.509. ADOPTION OF RESOLUTIONS; EFFECT ON DEFECTIVE CORPORATE ACT. On or after the validation effective time, unless determined otherwise in an action brought under Section 22.512, each defective corporate act ratified in accordance with this subchapter may not be considered void or voidable as a result of the failure of authorization described by the resolutions adopted under Sections 22.503 and 22.504, and the effect shall be retroactive to the time of the defective corporate act.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.510. NOTICE TO MEMBERS FOLLOWING RATIFICATION OF DEFECTIVE CORPORATE ACT. (a) If the management of the affairs of a corporation is vested in its members under Section 22.202 or if a corporation has members with voting rights, for each defective corporate act ratified by the governing authority under Sections 22.503 and 22.504, notice of the ratification shall be given promptly to:

(1) each member having voting rights as of the date the governing authority adopted the resolutions ratifying the defective corporate act; or

(2) each member having voting rights as of a date not later than the 60th day after the date of adoption, as established by the governing authority.

(b) Notice under this section shall be sent to the address of a member described by Subsection (a)(1) or (a)(2) as the address appears or most recently appeared, as appropriate, on the records of the corporation.

(c) Notice under this section shall also be given to each member having voting rights as of the time of the defective corporate act, except that notice is not required to be given to a member whose identity or address cannot be ascertained from the corporation's records.

(d) The notice must contain:

(1) copies of the resolutions adopted by the governing authority under Section 22.503 or the information required by Sections 22.503(a)(1)-(4) or 22.503(c)(1)-(4), as applicable; and

(2) a statement that, on ratification of the defective corporate act made in accordance with this subchapter, the member's right to challenge the defective corporate act is limited to an action claiming that a court of appropriate jurisdiction, in its discretion, should declare:

(A) that the ratification not take effect or that it take effect only on certain conditions, if the action is filed not later than the 120th day after the later of the applicable validation effective time or the time at which the notice required by this section is given; or

(B) that the ratification was not accomplished in accordance with this subchapter.

(e) Notwithstanding Subsections (a)-(d), notice is not required to be given under this section to a person if notice of the ratification of the defective corporate act is given to that person in accordance with Section 22.506.

(f) For purposes of Sections 22.505, 22.506, and 22.507 and this section, notice to members with voting rights as of the time of the defective corporate act shall be treated as notice to such members for purposes of Sections 6.051, 6.052, 6.053, 6.201, 6.202, 6.203, 6.204, 6.205, and 22.156.

(g) If the ratification of a defective corporate act has been approved by the members acting under Section 6.202, the notice required by this section may be included in any notice required to be given under Section 6.202(d) and, if included:

(1) shall be sent to the members entitled to the notice under Section 6.202(d) and all other members otherwise entitled to the notice under Subsection (a); and

(2) is not required to be sent to members who signed a consent described by Section 6.202(b).

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.511. RATIFICATION PROCEDURES OR COURT PROCEEDINGS CONCERNING VALIDATION NOT EXCLUSIVE. (a) Ratification of an act or transaction under this subchapter or validation of an act or transaction as provided by Sections 22.512 through 22.515 is not the exclusive means of ratifying or validating any act or transaction taken by or on behalf of the corporation, including any defective corporate act, or of adopting or endorsing any act or transaction taken by or in the name of the corporation before the corporation exists.

(b) The absence or failure of ratification of an act or transaction in accordance with this subchapter or of validation of an act or transaction as provided by Sections 22.512 through 22.515 does not, of itself, affect the validity or effectiveness of any act or transaction properly ratified under common law or otherwise, nor does it create a presumption that any such act or transaction is or was a defective corporate act.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.512. PROCEEDING REGARDING VALIDITY OF DEFECTIVE CORPORATE ACTS. (a) The following may bring an action under this section:

(1) the corporation;

(2) any successor entity to the corporation;

(3) any member of the corporation's board of directors or other person having fiduciary responsibility in relation to the actions of the corporation;

(4) any member with voting rights; or

(5) any record member with voting rights as of the time a defective corporate act was ratified in accordance with this subchapter.

(b) Subject to Section 22.515, the district court, on application by a person described by Subsection (a), may:

(1) determine the validity and effectiveness of any defective corporate act ratified in accordance with this subchapter;

(2) determine the validity and effectiveness of the ratification of any defective corporate act in accordance with this subchapter;

(3) determine the validity and effectiveness of:

(A) any defective corporate act not ratified under this subchapter; or

(B) any defective corporate act not ratified effectively under this subchapter;

(4) determine the validity of any corporate act or transaction; and

(5) modify or waive any of the procedures set forth in Sections 22.501 through 22.511 to ratify a defective corporate act.

(c) In connection with an action brought under this section, the district court may:

(1) declare that a ratification in accordance with and pursuant to this subchapter is not effective or that the ratification is effective only at a time or on conditions as specified by the district court;

(2) validate and declare effective any defective corporate act and impose conditions on such a validation;

(3) require measures to remedy or avoid harm to any person substantially and adversely affected by a ratification under this subchapter or from any order of the district court pursuant to this section, excluding any harm that would have resulted had the defective corporate act been valid when approved or effectuated;

(4) order the filing officer to accept for filing an instrument with an effective date and time as specified by the court, which may be before or subsequent to the time of the order;

(5) if the corporation has members with voting rights, order that a meeting of such members be held and determine the right and power of persons to vote at the meeting;

(6) declare that a defective corporate act validated by the court is effective as of the time of the defective corporate act or at such other time as determined by the court; and

(7) make any other order regarding such matters as the court considers appropriate under the circumstances.

(d) In connection with the resolution of matters under Subsections (b) and (c), the district court may consider:

(1) whether the defective corporate act was originally approved or effectuated with the belief that the approval or effectuation was in compliance with the provisions of the corporate statute or the governing documents of the corporation;

(2) whether the corporation and the corporation's board of directors have treated the defective corporate act as a valid act or transaction and whether any person has acted in reliance on the public record that the defective corporate act was valid;

(3) whether any person will be or was harmed by the ratification or validation of the defective corporate act, excluding any harm that would have resulted had the defective corporate act been valid when it was approved or took effect;

(4) whether any person will be harmed by the failure to ratify or validate the defective corporate act; and

(5) any other factors or considerations the district court considers just and equitable.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.513. EXCLUSIVE JURISDICTION. The district court has exclusive jurisdiction to hear and determine any action brought under Section 22.512.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.514. SERVICE. (a) Service of an application filed under Section 22.512 on the registered agent of a corporation or in any other manner permitted by applicable law is considered to be service on the corporation, and no other party need be joined in order for the district court to adjudicate the matter.

(b) If an action is brought by a corporation under Section 22.512, the district court may require that notice of the action be provided to other persons identified by the court and permit those other persons to intervene in the action.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.515. STATUTE OF LIMITATIONS. (a) This section does not apply to:

(1) an action asserting that a ratification was not accomplished in accordance with this subchapter; or

(2) any person to whom notice of the ratification was not given as required by Sections 22.506 and 22.510.

(b) Notwithstanding any other provision of this subchapter:

(1) an action claiming that a defective corporate act is void or voidable due to a failure of authorization identified in the resolutions adopted in accordance with Section 22.503 may not be filed in or must be dismissed by any court after the applicable validation effective time; and

(2) an action claiming that a court of appropriate jurisdiction, in its discretion, should declare that a ratification in accordance with this subchapter not take effect or that the ratification take effect only on certain conditions may not be filed with the court after the expiration of the 120th day after the later of the validation effective time or the time that any notice required to be given under Section 22.510 is given with respect to the ratification.

(c) Except as otherwise provided by a corporation's governing documents, for purposes of this section, notice under Section 22.510 that is:

(1) mailed is considered to be given on the date the notice is deposited in the United States mail with postage paid in an envelope addressed to the member at the member's address appearing or most recently appearing, as appropriate, in the records of the corporation; and

(2) transmitted by facsimile or electronic message is considered to be given when the facsimile or electronic message is transmitted to a facsimile number or an electronic message address provided by the member, or to which the member consents, for the purpose of receiving notice.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.516. NOTICE TO ATTORNEY GENERAL. (a) In this section, "charitable entity" has the meaning assigned by Section 123.001, Property Code.

(b) An action brought under Section 22.512 that involves a charitable entity is considered a "proceeding involving a charitable trust" to which Chapter 123, Property Code, applies.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Board of Directors Manual

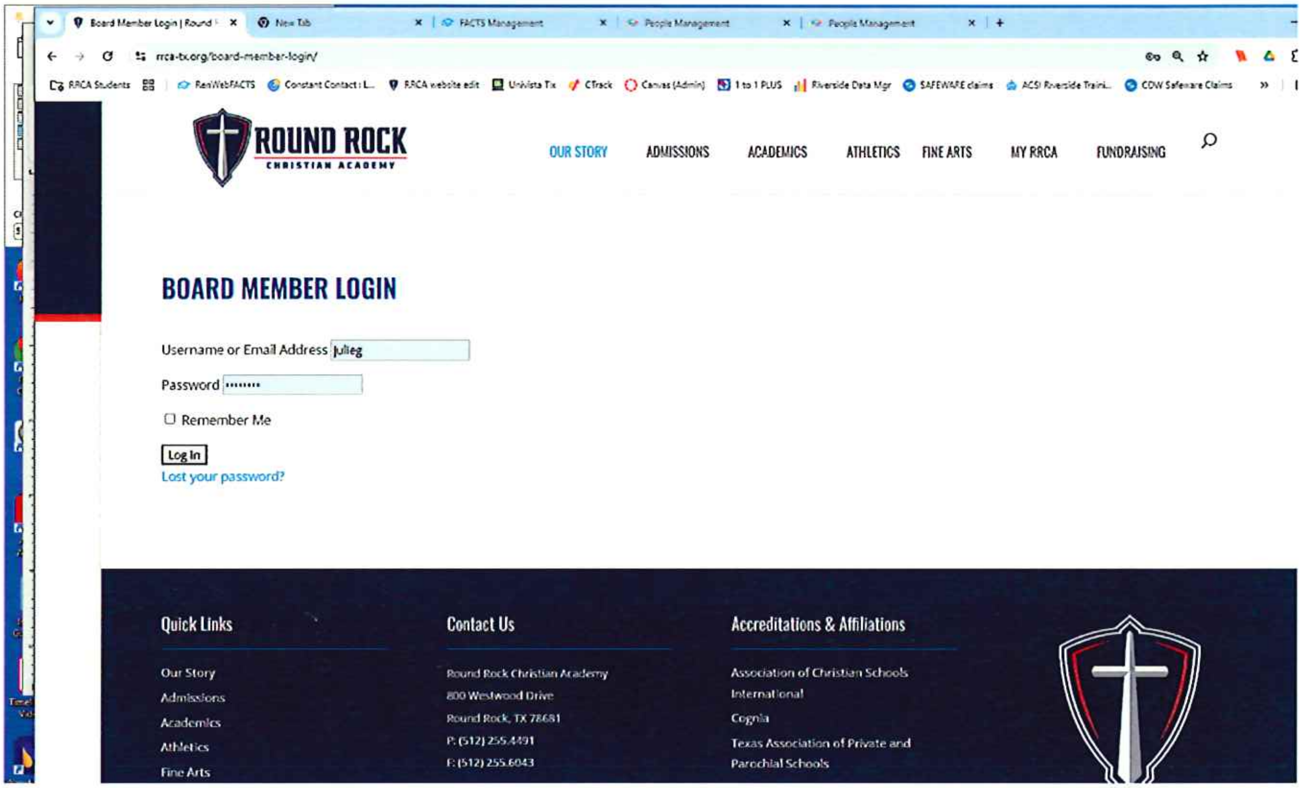
Section 4

RRCA Website Access

To access the Board documents before each Board meeting, go to:

https://www.rrca-tx.org/board-member-login/

and use your username and password to log in.



Board of Directors Manual

Section 5

Audit Information

Round Rock Christian Academy

Financial Statements
as of and for the the Year Ended
June 30, 2024 and
Independent Auditors' Report

This document is a draft for internal review and discussion and is not intended for external distribution.

Round Rock Christian Academy

Table of Contents

Independent Auditors' Report

To the Board of Directors of
Round Rock Christian Academy:

Opinion

We have audited the accompanying financial statements of Round Rock Christian Academy (a nonprofit organization) (the "Academy"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Austin, Texas
November XX, 2024

Round Rock Christian Academy

Statement of Financial Position
June 30, 2024

Assets

Current assets:	
Cash and cash equivalents	$ 2,815,635
Tuition receivable	15,930
Pledges receivable	58,529
Prepaid expenses and other assets	176,801
Total current assets	3,066,895
Property and equipment, net	16,755,230
Total	$ 19,822,125

Liabilities and Net Assets

Current liabilities:	
Accounts payable and accrued expenses	$ 422,329
Deferred revenue	1,362,240
Current portion of notes payable	866,896
Total current liabilities	2,651,465
Notes payable	12,307,755
Total liabilities	14,959,220
Net assets:	
Without donor restrictions	4,815,405
With donor restrictions	47,500
Total net assets	4,862,905
Total	$ 19,822,125

See notes to financial statements.

Round Rock Christian Academy

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and net assets released from restrictions:			
Net tuition and student fees	$ 6,950,883	-	6,950,883
Contributions	519,514	47,500	567,014
Education programs	256,283	-	256,283
Other income	107,160	-	107,160
Net assets released from restrictions	222,617	(222,617)	-
Total revenues and net assets released from restrictions	8,056,457	(175,117)	7,881,340
Expenses:			
Program services:			
Secondary school	2,576,136	-	2,576,136
Elementary school	2,342,090	-	2,342,090
Early childhood development	231,774	-	231,774
Total program services	5,150,000	-	5,150,000
Support services:			
Administration	2,045,862	-	2,045,862
Development	209,563	-	209,563
Total support services	2,255,425	-	2,255,425
Total expenses	7,405,425	-	7,405,425
Change in net assets	651,032	(175,117)	475,915
Net assets, beginning of year	4,164,373	222,617	4,386,990
Net assets, end of year	$ 4,815,405	47,500	4,862,905

See notes to financial statements.

Round Rock Christian Academy

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services				Support Services			
	Secondary School	Elementary School	Early Childhood Development	Total Program Services	Administration	Development	Total Support Services	Total
Employee expenses:								
Salaries	$ 1,350,384	1,248,512	147,649	2,746,545	1,073,047	82,784	1,155,831	3,902,376
Benefits	92,773	139,188	4,798	236,759	94,628	8,040	102,668	339,427
Payroll taxes	108,368	94,026	11,995	214,389	70,222	6,574	76,796	291,185
Payroll processing fees	3,982	4,266	711	8,959	2,986	284	3,270	12,229
Total employee expenses	1,555,507	1,485,992	165,153	3,206,652	1,240,883	97,682	1,338,565	4,545,217
Other expenses:								
Depreciation and amortization	226,223	215,940	20,566	462,729	116,344	10,283	126,627	589,356
Facilities and lease	152,479	145,548	13,862	311,889	76,239	6,931	83,170	395,059
Student education	168,871	194,551	3,386	366,808	-	-	-	366,808
Interest	-	-	-	-	349,360	-	349,360	349,360
Building and grounds	111,263	106,205	10,115	227,583	55,631	5,057	60,688	288,271
Athletics	144,576	40,427	-	185,003	-	-	-	185,003
Technology	80,007	51,010	5,232	136,249	19,735	3,719	23,454	159,703
Office	36,807	39,437	6,573	82,817	31,077	2,629	33,706	116,523
Student programs	65,242	33,967	2,713	101,922	-	-	-	101,922
Advertising and promotion	-	-	-	-	12,139	83,262	95,401	95,401
Insurance	30,855	28,314	2,904	62,073	-	-	-	62,073
Professional fees	-	-	-	-	27,917	-	27,917	27,917
Professional development	4,306	699	1,270	6,275	12,225	-	12,225	18,500
Professional organization	-	-	-	-	16,922	-	16,922	16,922
Vehicle maintenance	-	-	-	-	12,307	-	12,307	12,307
Bad debt	-	-	-	-	5,619	-	5,619	5,619
Other	-	-	-	-	69,464	-	69,464	69,464
Total other expenses	1,020,629	856,098	66,621	1,943,348	804,979	111,881	916,860	2,860,208
Total expenses	$ 2,576,136	2,342,090	231,774	5,150,000	2,045,862	209,563	2,255,425	7,405,425

See notes to financial statements.

This document is a draft for internal review and discussion and is not intended for external distribution.

Round Rock Christian Academy

Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows from Operating Activities:		
Change in net assets	$	475,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Cash received for capital campaign		(99,500)
Depreciation and amortization		589,356
Bad debt expense		5,619
Changes in operating assets and liabilities that provided (used) cash:		
Tuition receivable		(3,725)
Pledges receivable		(43,639)
Prepaid expenses and other assets		65,606
Accounts payable and accrued expenses		47,328
Deferred revenue		(20,983)
Net cash provided by operating activities		1,015,977
Cash Flows from Investing Activities-		
Purchases of property and equipment		(6,541,521)
Cash Flows from Financing Activities:		
Borrowings on notes payable		6,176,839
Payments on notes payable		(184,177)
Cash received for capital campaign		99,500
Net cash provided by financing activities		6,092,162
Net change in cash and cash equivalents		566,618
Cash and cash equivalents, beginning of year		2,249,017
Cash and cash equivalents, end of year	$	2,815,635
Supplemental Disclosure of Cash Flow Information-		
Interest paid on notes payable	$	562,227

See notes to financial statements.

1. Organization

Round Rock Christian Academy (the "Academy") is an independent private school in Round Rock, Texas. The Academy's mission is to be a Christ-centered college preparatory school, equipping and developing students to effectively integrate Biblical truth and academic learning into their daily lives to impact their community for Christ. The Academy is accredited through COGNIA and the Association of Christian School International, both approved by the Texas Private School Accreditation Commission, and recognized by the Texas Education Agency, through the State Commissioner of Education. These financial statements include auxiliary operations of the school, including the Booster Club, the Parent Support Team, and the student council. The cash balances held by the auxiliary operations are reported as both cash and cash equivalents and accrued expenses in the statement of financial position.

2. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board Accounting Standards Codification.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Asset Classifications - Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy and changes therein are classified as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Academy, or at the discretion of the Board of Directors (the "Board") for the Academy's use.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use by the Academy to a specific purpose and/or the passage of time, or which require them to be maintained permanently. As of June 30, 2024, the Academy's net assets with donor restrictions were restricted for the passage of time. The Academy has not received any permanently restricted contributions.

Cash and Cash Equivalents - The Academy considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Tuition Receivable - Tuition receivable is recorded when the Academy has an unconditional right to payment under the terms of the customer contract. The Academy continually monitors the credit worthiness of each family and recognizes allowances for estimated credit losses on accounts that are no longer estimated to be collectible. The Academy regularly adjusts any allowance for subsequent collections or upon final determination that a tuition receivable is no longer collectible. The Academy had no allowance for uncollectible accounts as of June 30, 2024 as management estimated all outstanding balances to be collectible.

Costs to Obtain or Fulfill Contracts - As performance obligations in the Academy's contracts with customers are satisfied over a period of one year or less, the Academy applies the practical expedient to expense costs to obtain a contract as incurred. The Academy does not incur significant fulfillment costs requiring capitalization.

Pledges Receivable - Unconditional promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. The Academy did not record a net present value discount on pledges receivable as of June 30, 2024 as all pledges receivable are expected to be collected within one year. Management has determined that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges was considered necessary as of June 30, 2024.

Property and Equipment - Property and equipment are capitalized at cost if purchased and at fair market value on the date of receipt if donated. The Academy capitalizes property and equipment acquisitions in excess of $1,500. Depreciation and amortization expense is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years for furniture, equipment, and vehicles and twenty-eight years for building and improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities. Construction-in-progress is not depreciated until placed in-service, and land is not depreciated. Maintenance and repairs that do not improve or extend the useful life of the respective asset are expensed when incurred. Interest costs that directly relate to, and are incurrec during a project's construction period are capitalized.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

Leases - Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Academy's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. Right-of-use ("ROU") assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor. There were no ROU assets or associated liabilities recorded on the Academy's statement of financial position as of June 30, 2024 as the Academy was not obligated under any lease agreements.

Revenue Recognition - Revenue is recognized when promised services are transferred to students in an amount that reflects the consideration to which the Academy expects to be entitled in exchange for those services by following a five-step process: (1) identify the contract with a student, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Academy satisfies a performance obligation, as further described below.

Tuition income includes student tuition and related fees and is recorded net of financial aid, scholarships, or discounts, which totaled $855,614 during the year ended June 30, 2024. Student tuition and fee payments received prior to the start of the Academy's school term are deferred until the term begins and recognized in the statement of activities as tuition revenue ratably over the school term and as fee revenue once the school term begins. Education program revenue is recognized at the time that the educational program is delivered.

The timing of revenue recognition, billings and cash collections resulted in tuition receivable totaling $12,205 and deferred revenue totaling $1,383,223 as of June 30, 2023.

The following table presents revenue disaggregated by timing of revenue recognition for the year ended June 30, 2024:

Revenue recognized at a point in time	$ 256,283
Revenue recognized over time	6,950,883
Total revenue	$ 7,207,166

Contributions - All contributions are recorded at their fair value and are considered to be available for operations of the Academy unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-kind contributions include donated services and materials which are reflected in the statement of activities at their fair value on the date of receipt. Donated services are recognized if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2024, no donated services met the criteria for recognition.

Advertising expense - Advertising costs are charged to expense as incurred. Total advertising expense for the year ended June 30, 2024 was $11,638.

Functional Allocation of Expense - The accompanying financial statements present expenses by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques, such as time and effort.

Federal Income Taxes - The Academy is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; except as it relates to any unrelated business income. The Academy did not incur any significant tax liabilities due to unrelated business income during the year ended June 30, 2024. The Academy files Form 990 tax returns in the U.S. federal jurisdiction, and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

3. Liquidity and Availability of Financial Assets

As of June 30, 2024, the Academy's financial assets available within one year for general expenditure were as follows:

Cash and cash equivalents	$ 2,815,635
Tuition receivable	15,930
Pledges receivable	58,529
Total financial assets available to management for general expenditure within one year	$ 2,890,094

The Board ensures the Academy's financial stability by approving an annual budget prior to the start of each fiscal year. Any expenditures not in the approved budget must be approved. Donor-restricted net assets that are temporarily restricted for the gymnasium building are not included in financial assets available to management for general expenditures within one year.

4. Concentration of Credit Risk

Financial instruments which potentially subject the Academy to concentrations of credit risk consist principally of cash and cash equivalents and tuition and pledges receivable. The Academy places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. The Academy does not maintain collateral for its tuition or pledges receivable.

5. Property and Equipment

Property and equipment consisted of the following as of June 30, 2024:

Building and improvements	$ 16,256,947
Furniture and equipment	768,841
Vehicles	390,219
	17,416,007
Less: Accumulated depreciation and amortization	(2,259,406)
Construction-in-progress	404,504
Land	1,194,125
Total property and equipment, net	$ 16,755,230

Interest capitalized to property and equipment while under construction totaled $266,751 during the year ended June 30, 2024.

6. Notes Payable

In June 2019, the Academy entered into a loan for the construction of the new school building (the "2019 Construction Loan") which allows the Academy to borrow up to $7,112,394. Interest only payments were due monthly at a rate of 4.75% per annum through April 2022, thereafter, both principal and interest are due until the note matures in April 2047 with various interest rate adjustments, as defined, capped at 8.00% per annum. As of June 30, 2024, the outstanding balance of the 2019 Construction Loan was $6,195,093 (interest rate of 6.55% at June 30, 2024). The Academy is subject to a debt service coverage requirement. The 2019 Construction Loan is secured by the Academy's revenues and the property.

In September 2020, the Academy entered into a second construction loan (the "2020 Construction Loan") that allows the Academy to borrow up to $453,000. Interest only was due monthly at a rate of 4.50% per annum through June 2021, thereafter, both principal and interest are due based on a twenty-five year amortization term until the note matures in June 2047 with various interest rate adjustments, as defined, capped at 8.00% per annum. As of June 30, 2024, the outstanding balance of the 2020 Construction Loan was $379,383 (interest rate of 4.50% at June 30, 2024). The Academy is subject to a debt service coverage requirement. The 2020 Construction Loan is secured by the Academy's revenues and the property.

In November 2022, the Academy entered into a third construction loan (the "2022 Construction Loan") that allows the Academy to borrow up to $6,955,000. Interest only is due monthly at a rate of 6.75% per annum through December 2024, thereafter, both principal and interest are due based on a twenty-five year amortization term until the note matures in November 2032 with various interest rate adjustments, as defined, with a floor equal to 6.75% per annum. The agreement also provides that principal reduction payments of $500,000 or greater to be made on November 1, 2024 and November 1, 2026. As of June 30, 2024, the outstanding balance of the 2022 Construction Loan was $6,335,800 (interest rate of 6.75% at June 30, 2024). The Academy is subject to a debt service coverage requirement. The 2022 Construction Loan is secured by the Academy's revenues and the property.

In May 2023, the Academy entered into a construction extension agreement (the "2022 Construction Extension Loan") that allows the Academy to borrow up to $639,000. Interest only is due monthly at a rate of 8% per annum through May 2028, thereafter, both principal and interest are due based on a twenty-five year amortization schedule until the note matures in November 2032, with interest at the Treasury Rate as of May 2028 plus 2.5%. As of June 30, 2024, no amounts had been drawn on the 2022 Construction Extension Loan.

In November 2023, the Academy entered into a note payable for vehicles (the "Vehicle Loan") for $292,619. Principal and interest payments of $5,899, are due monthly at a rate of 7.75% per annum through November 2028. As of June 30, 2024, the outstanding balance of the Vehicle Loan was $264,375. The Vehicle Loan is secured by certain property.

Future required principal payments on debt obligations were as follows as of June 30, 2024:

2025	$ 866,896
2026	437,745
2027	985,064
2028	530,311
2029	522,005
Thereafter	9,832,630
Total	$ 13,174,651

7. Related Party Transactions

Contributions from members of the Board during the year ended June 30, 2024 totaled $25,740. As of June 30, 2024, there was an outstanding pledge receivable of $10,000 from a related party.

8. Retirement Plan

The Academy offers a defined contribution plan covering substantially all employees. For contributions made by employees, the Academy makes a matching contribution up to 2% of each participating employee's eligible compensation. Matching contributions totaled $36,201 during the year ended June 30, 2024.

9. Subsequent Events

The Academy has evaluated subsequent events through November XX, 2024 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.

Board of Directors Manual

Section 6

RRCA Financial Information

RRCA

Financial Management Policies and Procedures

TABLE OF CONTENTS

Section 1: General Provisions

Introduction

This manual is intended as a guide for staff responsible for the handling and management of assets utilized by and in the ownership of Round Rock Christian Academy. (RRCA) It is so designed to provide information about the financial management policies and procedures we use. It is intended to be a guide for both general and specific fiscal activities. As a public charity, RRCA must protect its reputation by performing all tasks with integrity and within an attitude of trust.

Since RRCA is a separate nonprofit corporation subject to IRS regulations and desirous of operating by Generally Accepted Accounting Principles, our financial statements are regularly reviewed by a Board of Directors Finance Committee chaired by the Treasurer of the corporation and then attested to by an annual audit conducted by an independent CPA. Daily financial activities are designed to provide reasonable assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

This document expresses the wishes of the Board of Directors and establishes the fiscal guidelines under which RRCA must operate. Thus, this document may not provide all the detail of any operation, but is intended to provide direction. Major policy may be underlined for emphasis of the seriousness of the policy.

Once approved by the Board, revisions shall be made only after review and recommendation by staff through the Finance Committee. These policies apply to all employees, volunteers, contractors, and consultants whether full-time, part-time or temporary.

Terms used in the manual may be interchangeable. The words, "shall" or "will" are understood to be mandatory. The words, "may" or "should" are permissive.

Corporate Duties, Services and Powers

Treasurer

The corporation annually elects a Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangements and classification; shall supervise the accounting and auditing practices of the Corporation and shall have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board shall from time to time direct or as shall be selected in accordance with procedures established by the Board; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Corporation. The Treasurer shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Board. The Treasurer has the authority to delegate to any person or entity to assist in or manage the accounting and financial aspects of his position.

Financial Manager
The Financial Manager is employed to perform accounting functions and to supervise the operations of the Business Office. The Financial Manager works closely with the Treasurer to prepare financial reports and assure accuracy of all fiscal records. The Financial Manager has overall responsibility for Business Office security policy and the maintenance of records. The Financial Manager works closely with auditors and provides reports requested by employees needing assistance with grants, public relations, and marketing efforts. The Financial Manager supervises the Assistant Financial Manager and any other personnel or volunteers assigned to the Business Office.

Head of School
The Head of School has overall responsibility for all RRCA operations and programs and performs much like the chief executive officer of any corporation. The Head of School shall cause the employment or appointment of employees and agents of RRCA, fix their compensation, remove or suspend any employee, prepare and manage annual budgets, and represent RRCA in various community or professional activities.

Board of Directors – Finance Committee
One standing committee of the RRCA Corporation is the Finance Committee, whose responsibilities may include the regular receipt and review of more detailed financial reports, receiving the annual budget draft and presenting to the Board for approval, bringing business matters to the Board for approval, and serving as the *Audit Committee.* The Finance Committee works with management to implement audit recommendations and presents audit report to the Board for approval.

Other Powers and Duties
From time to time the Board of Directors may add to employee responsibilities in the area of fiscal activity or may realign duties due to growth or planned corporate change.

Ownership of Electronic Systems
All computer systems are the property of RRCA and are provided to enable users to perform their duties. The data and email systems are the exclusive property of RRCA, therefore, RRCA management personnel may monitor these systems to assure they are secure and used for RRCA purposes. Computer systems shall be safeguarded against fire, flood, or any other harmful act. Computer data will be backed-up on a timely basis. Servers will be backed-up on a daily basis with back-ups stored on an alternate site.

Section 2: General Financial Management

Financial Integrity
It is our policy that all accounting and financial management is done with integrity fulfilling the command of Jesus when He said in Matthew 5:16, "*Let your light shine before men that they may see your good deeds and praise your Father in heaven.*" We believe that honesty, truthfulness, openness and responsiveness are only a few of the characteristics common to the spirit of trust that must exist between our activities and those who support or depend on us. Financial integrity should be such a high priority as to preclude any misinterpretation or second-guessing of our motives. Again, Holy Scripture reads in 2 Corinthians 8:21, "*For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men.*" Therefore, we conduct our business knowing that we are visible to God and must maintain a reputation beyond reproach for the world.

Staffing and Internal Controls
Personnel in the Business Office will be qualified to perform their assigned tasks and function according to their individual job description. In all matters at least two sets of eyes will observe operations involving the handling of funds. In the event that one or more staff is unavailable the task involving handling of funds will be delayed until a replacement staff is found or until the return of the regular staff. Regular staff in the Business Office will include the Finance Manager and the Registrar/Finance Assistant.

Public Disclosure Statement
Our goal is to be transparent in our operations, yet normal access to our financial records is limited to Board Directors, management staff, and others on a need-to-know basis. Sensitive information such as payroll data and donor information will be restricted and normally not available to the public. Board Directors and any other person with permission granted by the Head of School must request information and/or schedule an inspection during regular Business Office hours.

Audit Policy
An audit is conducted annually by an independent CPA auditor retained by the Audit Committee. The Audit Committee is a function of the Finance Committee of the Board of Directors. Once secured, the auditor will work on site with the cooperation of the Business Office staff and the Head of School. The audit and any management letter will be first reported to the Audit Committee and then approved by the Board of Directors at a regular meeting with the vote being recorded in the minutes. A copy of the audit will be made available to all Directors upon their request.

Financial Security System
Security within the Business Office is directly related to the integrity of financial management and reporting. The following rules will be followed at all times:

1. The Business Office is to remain locked when Financial Manager or Registrar are not present.
2. File cabinets containing payroll records, student files, and secure financial matters shall remain locked when not in use. A record of key distribution for access shall be kept by the Financial Manager.
3. A security safe shall be used to secure cash and checks between deposits. A record of access rights shall be kept by Financial Manager.
4. Mail coming to the Business Office shall be opened in the presence of two people.
5. Deposit slips prepared by one person shall be verified by another person before depositing.
6. Locked bank bag should be used to transport deposits to banks.
7. Passwords shall be used to protect electronic systems and should not be easily guessable or shared. The Financial Manager shall keep a secure record in the safe of all passwords and persons using them for access to electronic records.
8. Computers used by the Business Office shall remain off when not in use.
9. Bank reconciliations shall not be conducted by any person authorized to sign checks.
10. Blank checks and deposit slips shall be secured at all times.
11. Checks shall have two authorized signatures.
12. A blanket Security Bond shall be in place to cover all staff responsible for handling of funds.
13. Staffing in the Business Office will be at the appropriate level to safeguard assets, to maintain internal controls and to assure accounting policies and standards.

Fiscal Year
The FY for the Academy is July 1 to June 30.

Chart of Accounts
It is our policy to maintain a chart of accounts. The chart of accounts is managed by the Financial Manager who has sole access for establishing and updating. Upon approval by the Financial Manager, a list of the chart of accounts can be provided to management staff or staff responsible for coding and budgetary matters.

Method of Accounting
We use the accrual basis of accounting in the Shelby system which recognizes revenues when earned and expenses when incurred. Balance Sheets and Statement of Activity reflect assets, liabilities, income, and expense. All finance statements will represent a fair presentation of financial information based on:

- Accounting principles which have general acceptance
- Accounting principles appropriate for our operations
- Informative of matters that affect their usage and understanding
- Ease of interpretation and use
- Clearly reflect transactions and events that present the current financial position, results of activities, and cash flows within a range of acceptable limits

Year-end audited financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP). Adjustments may be made by an auditor to bring the annual audited financial records into accrual basis.

Financial Statements Schedule
The goal of our financial statements is to present data as simply and effectively as possible to communicate our financial position accurately to Board, staff and others. Financial statements must be timely and distributed according to this schedule:

- Monthly – statements will be completed and ready for distribution by the 15th day of the following month and reviewed by the Board monthly
- Yearly – statement will be completed and ready for review by the last work day of July.
- IRS – the Annual Information Return is usually prepared by the auditor and submitted according to IRS deadlines or approved extensions

Financial reports will include:

- A statement of financial position showing the current period with prior year comparison
- A statement of activities showing current period and year-to-date
- A budget variance report showing the current period and year-to-date budget performance

Distributions
The financial statements shall be made available to the Board and management staff. Third party distributions shall be approved by the Head of School.

Merchant Account
In order to accommodate requests by families to make payments by credit card a merchant account will be established and a payment method arranged in order for credit card payments to be received. The Financial Manager will keep a record of transactions following regulations regarding the security rules of said transactions.

Academy Provided Credit Cards
The Head of School will authorize the use and assignment of any RRCA credit card. The card is not to be used for cash advances or to purchase personal goods or services. The Business Office reconciles receipts to statements and pays balance due according to payment schedule. Receipts for expenditures must reflect business purpose on the receipt. Missing receipts must be noted on Credit Card Usage form and submitted to Financial Manager. Continued practice of missing receipts may result in withdrawal use of

RRCA credit card. In the event a card is lost or stolen the cardholder will immediately notify the loss to the appropriate financial institution and to the Financial Manager or Head of School in their absence. The Financial Manager shall keep a list of all credit cards issued noting to whom and date of issue. Upon termination or return of card the Financial Manager will update the record.

Tax Exempt Statement

We are exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code which makes contributions to us deductible under section 170 of the Code. We are recognized as a Public Charity. We are also exempt from the Texas franchise tax and from Texas sales and use tax although we are not exempt from the hotel occupancy tax. This exemption only extends to goods and services purchased for use by RRCA. It does not apply if the purchase is for the benefit of an individual or private party or is not related to RRCA's exempt purpose. Therefore, an employee is prohibited from using the RRCA's exempt status to purchase personal goods for the purpose of avoiding tax.
Other taxes such as payroll, unemployment, property and Unrelated Business Income Tax shall be handled in accordance with appropriate state and local regulations.

Section 3: Cash Management

Petty Cash Policy

This policy establishes certain guidelines under which cash purchases can be made. The normal purpose is to have a small amount of cash on hand for circumstances where the purchase is small or for small reimbursements. Petty Cash funds will not be used for purposes where a check is normally used. It cannot be used for personal loans to employees nor can an IOU be placed in the fund in substitution for a receipt. The Petty Cash Fund limit is normally $300 and when balanced will either account for cash or receipts balancing to the total. These guidelines must be followed:

1. Petty Cash must be stored in a locked cash box with access limited to the Financial Manager and Financial Assistant.
2. The Petty Cash Fund should be reconciled at least monthly with agreement by the Financial Manager and Financial Assistant.
3. Disbursements may only be made upon the presentation of a valid receipt showing the purchase along with a Petty Cash Request Form describing the items, date and etc.
4. After any reconciliation the Fund can be replenished to restore to the $300 balance by taking funds from the checking account.
5. Any errors found in the Petty Cash Fund reconciliation must be reported to the Head of School immediately.

Cash Disbursement Policy

Routine monthly invoices will come directly to the Business Office for payment. Each invoice is coded to the proper GL account. Other invoices, statements, and check requests are approved by the Head of School and processed by the Financial Manager. The goal is to pay all invoices within 5 days prior to due date. Check requests should be submitted one week prior to date needed to allow for approval process. Reimbursement requests shall be accompanied by detailed receipts of expenses to be reimbursed and submitted one week prior to date needed in order to allow for approval process. All travel advances, conference advances, or professional development expenditures shall be submitted to the Head of School for approval before cash is advanced or check is prepared by the Financial Manager or Financial Assistant.

Cash Receipts Policy

The receipt and handling of cash must be done with extra care. It is better to utilize checks or electronic funds, but that is not always possible. When cash payments are received they shall be accompanied with a cash receipt with a copy being presented to the donor. Cash and the receipt are secured in the Business Office until processed for deposit. Normal deposits are made weekly.

Check Cashing Policy

The Business Office is not to serve as a check-cashing resource for any staff, volunteers, students, or patrons. Two-party and third party checks are not accepted. Only rarely will a post-dated check be received and it may be held in the drop safe until date noted and deposit done.

Bank Accounts

The Board of RRCA in their fiduciary capacity is ultimately responsible for the security and stability of the RRCA's assets and operations. Therefore, the Treasurer and the Finance Committee works closely with the Financial Manager in the establishment of banking relationships. All bank and/or investment accounts must be recorded on the financial statements and reconciled monthly. New accounts or changes in bank relationships should be approved by the Treasurer and ultimately reported to the Board. The Financial Manager keeps a secure record of persons authorized to sign checks and conduct bank activity. At no time will a loan be sought or debt incurred without Board authorization.

Cash Reserves

The Board has determined that the normal amount of cash and cash equivalents should be $100,000.

Control of Receipts Policy

Revenue shall be stored in the Business Office under the Financial Security rules. All formal business records should be stored in a fire resistant and water protected manner.

Employee Loans Policy

We do not offer a loan program to employees.

Section 4: Disbursements

Accounts Payable

The Business Office will keep an up-to-date and detailed record of all expenditures. All invoices and receipts are filed weekly by vendor or expense account after being coded by the Financial Manager. We use these guidelines for checks:

- Computer checks are generated for approved invoices and reimbursements each Monday unless it falls on a holiday and then the next working day.
- Manual checks are written as needed after approval.
- Checks require two signatures which does not include the Financial Manager due to reconciliation duties.
- Computer checks are acquired from Eagle Office Supply at this time.
- Manual check supplies are furnished through the bank.
- Checks are mailed the day processed unless other arrangements have been made.

Purchasing Policy

Procuring goods and services for RRCA requires the highest required quality for the best price; therefore we do not accept gifts or remuneration from suppliers for the purchase of their goods or services. No one is authorized to open a charge account in the name of RRCA without prior approval from the Head of School.

Purchases for large ticket items or major capital goods and services should only be done after following a bid process to assure the best price and service. Normally three bids are obtained.

The Business Office manages a Purchase Order System and the forms must be obtained from that office for purchases. The Financial Assistant issues the PO form and the signature of the Head of School is required to be on all PO forms.
Completed W9's will be requested from any vendor prior to payments of $600 or more and kept on file in the Business Office.

Payroll
Employees are paid semi-monthly on the 15th and the last business day of the month. If the 15th falls on the weekend, the payroll is processed on the business day prior to the 15th. Employees are normally paid by direct deposit and a payroll voucher is emailed to each employee the day payroll is processed. A lost check request must be made to the Financial Manager. It may be replaced with a manual check and accounts adjusted by the Financial Manager as needed. Payroll taxes are calculated each time paychecks are processed. Taxes are paid online within 3 days of paying employees through EFTPS. Timesheets are kept for nonexempt employees. All employees will complete annual leave and sick leave activity. Vacation liability will be accrued by the Financial Manager. Sick pay shall not be accrued as a liability, but a record is kept on utilization by employee.

Employee Expense Reimbursement
An accountable reimbursement policy has been adopted which makes it possible to reimburse legitimate and approved expenses to employees without having to show them as taxable income. These conditions for reimbursement must be met:

- Any employee will be reimbursed for any ordinary and necessary business and professional expenses incurred on RRCA's behalf if the expenses are reasonable, documented showing date and business purpose, and submitted within a reasonable time frame of incurred expense
- A reimbursement form is completed with receipts attached. Head of School approves reimbursements prior to payment
- Travel expenses include the cost of transportation, lodgings, meals and incidental costs incurred during an RRCA approved business trip.
- Vehicle mileage is reimbursed according to annual IRS mileage allowance. The Purchasing Agent submits mileage for each day of the month and is approved by the Head of School prior to reimbursement.

Section 5: Income

Contributions and Gift Handling Policy
When receiving and handling cash contributions these rules will be followed:

- There will be a minimum of two people handling counting and documenting
- A deposit form should be completed in ink in the presence of two people
- Cash deposits should be made as quickly as possible
- Cash shall not be used to cash checks or pay expenses, but shall be deposited in full.

Accounts Receivable
An accrual for accounts receivable will be recorded to income in the month that it was earned. Income shall be recorded in the same month as the expenses that were used to generate that income. Deposits will not be made to an income account if the amount has already been established as a receivable in order to avoid double booking of income.

Collections Policy
It is policy to ensure that all approved means of collecting accounts receivable have been exhausted before write-off procedures are initiated.

The Board has approved this process for collecting tuition payments that are in arrears. The payment of tuition is based on a contract between the parent and the Academy. The contract stipulates the method and amount of payment. Most parents meet these obligations well and are in contact with the Academy if payment issues arise. On those occasions when the contract is not honored and the payment is in arrears the following process shall be utilized:

1. When a payment is 15 days late, an email reminder will be sent to the parent.
2. When a payment is 30 days late, an email reminder will be sent and a phone call will be made.
3. When a payment is 60 days late, a phone call, email or letter will be sent asking the parent to come to the Business Office to make arrangements for payment.
    a. Promissory note, payment plan, etc.
4. When a payment is 90 days late and resistance to payment or a no response is received, the parent will be notified by phone and regular mail that their child (ren) must be withdrawn. Collection efforts will continue for recovery and charge-off may occur.
5. If and when a plan is agreed upon by RRCA and the parent for any payment in arrears, said plan shall be in writing and monitored by the Business Office or an administrative representative.

Options for payments:

- If a parent so chooses the Academy will accept payment by an approved credit card.
- If a parent chooses to obtain alternate financing, the Academy will furnish verification of the debt

Procedure for Bad Debt:

An amount is fixed annually to cover bad debt which has to be written off the books. Every attempt short of submission to a collection agency will be made to collect this debt. This will include:

- Written correspondence
- Personal Visits
- Creation of bad debt payment plan involving a promissory note
- Submission of report to credit agencies

Special Events Income

All activities and events should be self-funding unless covered by the annual budget or agreed to in advance by the Head of School. When necessary a special fund may be established by the Financial Manager to recognize expense and income for an event.

Scholarship Donations

Special funds and a line in the annual budget have been established to cover scholarships. When funds are designated for scholarships the Financial Manager will make the proper income entry into that fund. Scholarship funds are normally received by the RRCA Foundation and then donated to RRCA by authority of the RRCAF Board.

Permanently, Temporarily, or Board Restricted Funds

Some special funds and gifts could be designated for specific use and the designation must be recognized and honored in all cases. Permanently restricted gifts are usually designated by the donor and should be in harmony with the mission and purpose of RRCA as well as being able to be used by RRCA. The Head of School, Development Office, and possibly the Board Chair may be involved in receiving and recognizing any permanent fund. Temporarily restricted gifts are generally held for a short term special purpose. Any unused temporarily restricted funds could be re-designated with donor approval. Board restricted funds should be noted by Board action and recognized for the purpose which the Board intended.

Section 6: Fixed Assets

Inventory

A schedule of fixed assets will be maintained by the Business Office. This includes all assets purchased whose cost was more than the capitalization level. All items in the fixed asset schedule should be identified as belonging to RRCA with an identification label.

Capitalization
The capitalization level is $1500.00. Depreciation should be posted for the purchase year beginning with the purchase date. Capital assets are usually related to land, buildings, vehicles, furnishings, and equipment. These assets represent capital acquisitions whether purchased or donated. In determining what comprises a capital expenditure these guidelines will be utilized:

- A dollar value of $1500.00
- A life expectancy of 5 years

Budgeted Capital Expenditures
Purchase of capital expenditures will normally be guided by the approved annual budget. Exceptions to this must be discussed with the Finance Committee and may need Board approval.

Non-Budgeted Capital Expenditures
A list of capital needs will be created annually to accompany the annual budget. These needs should be recognized as supplements to the budget and fall into the category of a "wish list."

Depreciation Policy
All assets will be depreciated using the straight-line method over the assets useful life. The cost, less any residual value of an asset with a limited life, will be depreciated over its useful life. Fully depreciated assets will remain on the statement of financial position until they are disposed of or otherwise deemed worthless. The following categories will be used for depreciation:

- Buildings 40 years
- Land improvements 20 years
- Furniture & fixtures 7 years
- Equipment 6 years
- Vehicles 5 years
- Computers & electronics 3 years

Asset Retirement
Surplus, obsolete, or no longer needed equipment can be made available for sale or trade-in and approved by the Head of School. The method of sale should be determined while recognizing that staff may be considered first and public second. A fair and impartial method shall be determined to avoid favoritism and to receive the most for the object being sold. The Financial Manager shall handle the accounting documentation for the items sold and the income for said sale.

Section 7: Annual Budgets

Development Process
In order to achieve our mission and goals, the RRCA Board approves an annual operating budget. Following an operating budget helps to achieve the best stewardship and ensures that expenditures stay related to goals. Funds are allocated according to the operating budget and income projections are based on tuition rates and annual fund events. The annual budget is developed prior to the commencement of the fiscal year although it will be subject to adjustment once full enrollment of students is reached. The estimated budget is approved by the Board and any adjustments go through the Finance Committee and to the Board for further action.

Timing and Oversight

The schedule for budget development should begin by December prior to the new fiscal year and the draft should be ready in January. The development of the budget generally follows these steps:

- The Head of School meets with the RRCA administrative team to plan the budget work schedule and to discuss needs and goals
- The Head of School and Financial Manager review previous budgets and input anticipated data for proposed budget
- The Head of School prepares a draft budget based on input from management staff
- Goals related to the budget draft are prepared and assumptions are created
- The capital needs list is developed with input from management staff that received input from staff
- A meeting of the Finance Committee is scheduled to review the budget draft
- The Finance Committee presents the budget to the Board for approval during the January to March time frame
- Financial Manager finishes input of new budget into budget software for activation by beginning of fiscal year.

Adjustments Policy

The Head of School and Financial Manager monitor the budget and furnish regular reports to the Treasurer. It may become necessary to adjust line items that do not change the bottom line. Any major adjustments or bottom line adjustments must flow through the Finance Committee and to the Board for approval.

Reporting

Summary financial statements will be provided to the RRCA Board monthly. Annual statements will be provided to the Board after the close of the fiscal year.

Section 8: Personnel Contracts

Approved Format

The Board approved a format to use for all educational contracts. (See template in the Appendix.) Other personnel will be employed by an employment letter and guided by a job description.

Implementation Process

The Head of School provides leadership in the development of faculty contracts based on reviews, budget, student class loads and classroom space.

Payment Authorization

Once a contract is signed by faculty and the Head of School it is submitted to the Business Office for processing. The Financial Manager will enter the contract data into the accounting records and set up the payroll account. Contracts will be filed in the Business Office.

Section 9: Purchase Contracts

General Statement

A contract is an agreement that binds two or more parties to do or not to do some defined thing. It is entered into by RRCA and should maximize the benefit of and protect RRCA's reputation. Usually there are two types of contracts. One is for purchases and the other is for services. Contracts related to the completion of the operating budget may generally be entered into by the Head of School as a course of business. Contracts that are beyond the scope of the budget or capital in nature will require Board action before approval by the Head of School.

Signatures
The Head of School is authorized to enter into normal budget approved contracts. Completed contracts shall be filed in the Business Office. Contracts which are beyond the scope of the operating budget may require a full review of the legal, financial, and insurance implications prior to signing. This type of contract shall be Board approved and may require the Chair's signature.

Required Information
It is always advisable to ensure that the RRCA conflict of interest policy is followed in contract development. (See policy in Appendix.) These are the minimum items to be considered in the contract:

- The nature of the service covered in the contract
- The financial obligations being agreed to
- The period of time it covers
- The invoicing procedure or payment schedule
- The termination clause

Bid Requirements
The best practice for RRCA is to obtain at least three bids for products or services that exceed $5000 in value.

Section 10: Insurance

Category Explanation
Property and casualty insurance is maintained by RRCA. This insurance includes vehicle, property, directors & officers, general crime, and general/professional liability. Insurance related to employees is a function of human resources.

Bid Process
A relationship between RRCA and an agent-of-record is established in order for the agent to use professional expertise to search the market place for best rates and coverage. The agent shall secure bids based on RRCA operations and experience. Once the best rate is determined, reviewed by the Finance Committee, and approved by the Board, the Head of School is authorized to sign insurance documents. Renewals will be reported through the Finance Committee and usually endorsed by the Head of School.

Round Rock Christian Academy will request proposals from each of the following policies on a rotating basis every 3 to 5 years or when it is deemed necessary by the Finance Committee of the RRCA Board of Directors.

Property Insurance, D & O Insurance	Watkins Insurance	July 2014
Worker's Compensation Insurance	Traveler's Insurance	July 2014
Healthcare Insurance	Scott and White/EFG&M	Dec 2013
Disability	Principal/EFG&M	Dec 2013
Ancillary Benefits	Colonial/EFG&M	Dec 2013
Retirement Plan	Principal/Loran Stark/Upstream	Sept 2013
Auditors	Maxwell, Locke and Ritter	Sept 2011
Bank (RRCA)	Wells Fargo (operating)	August 2011
Bank (RRCA)	RBank (reserve)	April 2011
Bank (RRCA)	Independent (reserve)	July 2011

Foundation Bank	RBank	August 2011
Merchant Account (RRCA)	Wells Fargo	May 2014
Merchant Account (Foundation)	Paypal	June 2011

Retention of Certificates
Certificates shall be filed in the Business Office.

Insurance Claims
The Business Office is responsible for filing all claims whether against an RRCA insurer or the insurer of another party liable for damages. Insurance company notifications should be made within 24 hours of an accident. A full written report shall be given to the Head of School and/or furnished to the Financial Manager as soon as possible after any insurance related incident.
Vehicle accidents involving RRCA owned vehicles should give the date, time and location of the accident; how the accident occurred; the name of the police department or other authority investigating the accident; complete description of the vehicles involved; identifying data of the drivers involved; names and phone numbers of witnesses; and insurance company information from other drivers.
Any loss or damage to property such as natural events, theft, burglary, power failure, fire, flooding, direct or indirect actions by others and so forth should be reported to the Head of School as soon as possible and a report filed with the Financial Manager.

Section 11: Record Keeping

Records Retention Policy
Two general classes of records are maintained by RRCA. The first are business records involving accounting, legal/corporate documents, and personnel and payroll. The second are the student records.
Records are maintained and stored for a sufficient time to allow for research, audits, reference, and documentation of grades and so forth. It is advisable that permanent records by kept in a fireproof safe or cabinet. Record inventories are the responsibility of the Business Office.
This is the suggested retention policy for business records:

DOCUMENT	RETENTION (Years)
Historical	Permanent (P)
Accounts payable invoices & credits	5
Annual reports	P
Asset acquisition	P
Bank Statements & reconciliations	6
Budgets and comparison budgets	4
Canceled checks	6
Cash receipt records	P
Cash disbursements	P
Vendor contracts	6
Deposit slips & books	4
Drafts paid	4
Employee expense reports	4
Audit reports	P
General book of accounts	P
Purchase orders	4
Check registers	P
Employee contracts	7
Disability & sick leave	8

Payroll registers	8
Time card records	6
Tax returns	P
Retirement & pension	P
Employee personnel file	8 (after termination)
Employee deduction authorization	6
Group insurance records	8

Student records shall be maintained in a secure file system that is protected from fire, flood and theft. Access is granted to records based on requirements of FAMILY EDUCATIONAL RIGHTS & PRIVACY ACT with which RRCA voluntarily complies.

Electronic Documents Policy

Electronic documents shall be retained as if they were paper documents and follow the same retention schedule. Back-up files shall be up-dated at least weekly and one copy will be stored off site from the Business Office.

Document Destruction

Before any records are disposed of they will be reviewed to assure that there are neither legal guidelines nor contractual obligations requiring they be kept for a certain period of time. Once records are no longer required to be kept they will be disposed of in a manner that will ensure that no one may use them after they have been discarded. Any record or inventory of records will be updated to show disposal date, authorized approval, method and who completed the destruction.

Financial Manual Revisions:

August, 2013: This manual was updated to remove all references to Executive Administrator which is no longer a position at RRCA.

April, 2014: This manual was updated to include the bid process schedule for insurance and banking policies after the schedule was approved by the Board in April, 2014.

Appendix

Round Rock Christian Academy

2025-26 Proposed Budget Presented to the Board of Directors January 16, 2025

Revised February 20, 2025

Round Rock Christian Academy is a Christ-centered, college-preparatory school equipping and developing students to effectively integrate Biblical truth and academic learning into their daily lives to impact their community for Christ.

Round Rock Christian Academy
FY 2025-2026
February 20, 2024

Budget

We will use these principles as the foundation for this budget:

1. It is based on achievable goals that are departmental and by grade level.
2. It is derived from historical fiscal data and experience.
3. It will be a good faith estimate and presented to the Board for approval.
4. It could be amended if goals are exceeded or not met.

Budget Highlights

Revenue

1. Tuition income reflects Board approved tuition rates for 2025-2026 school year.
2. Continues to allow for support of Discovery intervention at no additional charge.
3. Continues to include Discovery Enrichment and Elementary Spanish Programs.
4. Moderate increase in enrollment. (748) (24-25 current enrollment is 726) (If current students remain and we are full in PK and K enrollment would be 760)
5. 23 Seniors will graduate in 24 -25. 35 Seniors will graduate in 25 -26

Expenses

1. Teacher Payroll reflects step increases (Step increase averages 2%. Teachers received an average of 3.5% in 24 - 25)
2. Operating Expenses are fluid as we are still adjusting maintenance costs and are estimating costs to operate the Gym.
3. Gym Payments are currently interest only
4. Rental expenses include leased gym space from CBC, Williamson County Regional Park for Football Games and Georgetown Baseball Fields.

5. Plan to continue to rent their worship center for Chapels and Programs if they are amenable to the arrangement. Scheduled to meet with their facilities coordinator within the next month. (Lease with CBC signed.)

Items to Keep in Mind

Payment of $500,000 was paid towards Gym Note in October of 2024

Payment of $500,000 due toward Gym Note in November of 2026

2025-2026 Enrollment Goals:

1. To retain 90% of current students (632) replace those that withdraw with new students. (2024 -2025 retained 83% by the time school started 556 students – Graduated 37)
2. Increase overall enrollment by 22 students. (2024-2025 - 168 new students – includes 32 PK)

	Target Enrollment 24-25	Actual Enrollment (1/10/25)
Pre-Kindergarten	32	**31**
Elementary	338	**364**
Secondary	378	**331**
Total	**748**	**726**

Projected Enrollment

GRADE	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Max
MDO -3's	8	8	8								
Preschool 3's	12	8	8	16	Closed						
MDO 4's	12	10	12								
Pre-K 4's	28	25	40	35	32	31	31	32	32	32	32
Preschool Total	**60**	**51**	**68**	**50**	**32**	**31**	**31**	**32**	**32**	**32**	32
Kinder	**36**	**42**	42	36	52	51	51	51	51	51	51
1st Grade	32	35	42	54	43	53	60	54	54	54	57
2nd Grade	24	30	35	64	60	47	63	60	57	54	60
3rd Grade	42	18	32	51	68	61	52	63	60	57	63
4th Grade	43	42	22	59	54	65	58	52	63	60	66
5th Grade	33	44	42	39	63	55	80	58	52	63	66
Elementary Total	**210**	**211**	**215**	**303**	**340**	**332**	**364**	**338**	**337**	**339**	**363**
6th Grade	40	30	44	61	45	69	54	80	58	52	66
7th Grade	45	38	32	51	62	55	63	54	80	58	66
8th Grade	35	48	40	37	55	64	56	63	54	80	66
9th Grade	33	38	48	29	42	49	49	56	63	54	80
10th Grade	29	34	38	36	26	38	51	49	56	63	66
11th Grade	35	32	35	38	40	27	35	51	49	56	66
12th Grade	32	35	34	35	40	38	23	35	51	49	66
Secondary Total	**249**	**255**	**271**	**287**	**310**	**340**	**331**	**388**	**411**	**412**	**410**
TOTAL	**519**	**517**	**554**	**640**	**682**	**703**	**726**	**758**	**780**	**783**	**805**

Proposed Tuition 2025 – 2026

Class	Students	Reg Fee	Tuition	Total Fees	Total Tuition
Pre Kindergarten	32	$375.00	$9,350.00	$12,000.00	$299,200.00
	32				
					$299,200.00
Elementary					
K - 5th	338	$475.00	$10,575.00	$160,550.00	$3,574,350.00
6th - 12th	378	$475.00	$11,975.00	$179,550.00	$4,526,550.00
					$8,100,900.00
Conservative	748				
				$352,100.00	**$8,400,100.00**
				Total Tuition+Fees	**$8,752,200.00**

	24-25 Approved 721 Students Annual Budget	25-26 748 Students Annual Budget	
Income			
40100 · Tuition			
40110 · EC Tuition	286,000.00	299,000.00	32 Students
40120 · Elem Tuition	3,586,000.00	3,575,000.00	338 Students
40130 · Sec Tuition	3,838,000.00	4,526,000.00	378 Students
40100 · Tuition - Other	0.00	0.00	
Total 40100 · Tuition	7,710,000.00	8,400,000.00	
40200 · Registration Fees			
40210 · EC Reg Fee	10,325.00	12,000.00	
40220 · Elem Reg Fee	163,500.00	160,000.00	
40230 · Sec Reg Fee	146,500.00	179,000.00	
40200 · Registration Fees - Other	0.00	0.00	
Total 40200 · Registration Fees	320,325.00	351,000.00	
40300 · New Student Fee			
40310 · EC New Student Fee	14,000.00	16,000.00	
40320 · Elem New Student Fee	85,250.00	80,000.00	
40330 · Sec New Student Fee	51,000.00	40,000.00	
40340 · International Student Fee	10,500.00	10,000.00	
40300 · New Student Fee - Other	0.00	0.00	
Total 40300 · New Student Fee	160,750.00	146,000.00	
40500 · Yearbook Revenue	4,800.00	8,500.00	
40630 · Senior Graduation Revenue	5,000.00	6,200.00	
40700 · Student Fees Revenue			
40715 · Student Organization Memb Fees	2,400.00	8,500.00	
40725 · Student Fines	500.00	500.00	
40730 · Sec Other Revenue		0.00	
40735 · Student Tech Fees	12,000.00	12,000.00	
40700 · Student Fees Revenue - Other	0.00	0.00	

Total 40700 · Student Fees Revenue	14,900.00	21,000.00
40800 · Extended Care		
40820 · EC & Elem Extended Care	142,800.00	145,000.00
40830 · Hang Time	30,300.00	30,000.00
40800 · Extended Care - Other	0.00	0.00
Total 40800 · Extended Care	173,100.00	175,000.00
40900 · Discovery	29,050.00	35,000.00
41000 · Summer Programs Revenue	34,000.00	40,000.00
41105 · Other Income		
41075 · Late Fees	1,000.00	1,000.00
41100 · Interest Income	97,000.00	65,000.00
41105 · Other Income - Other	2,800.00	0.00
Total 41105 · Other Income	100,800.00	66,000.00
41110 · Contributed Revenue		
41140 · Contrib Revenue - Unrestricted		0.00
41150 · Contrib Revenue - Restricted		0.00
41156 · Contributed Revenue-Paver/Brick	20,850.00	0.00
41157 · Contr Rev-Gym Fund Mgmt Desig	2,600.00	0.00
Total 41110 · Contributed Revenue	23,450.00	0.00
42150 · Athletic Revenue		
42000 · Athletic Fee	66,500.00	75,000.00
42100 · Athletic Gate/Ticket Fees	36,600.00	39,000.00
42120 · Athletic Tournaments & Events		
42130 · Athletic Sport Camps/Clinics	13,200.00	15,000.00
Total 42120 · Athletic Tournaments & Events	13,200.00	15,000.00
42200 · Athletic Photo Income	8,700.00	8,700.00
42300 · Athletic Apparel Sales Revenue	130.00	5,000.00
42150 · Athletic Revenue - Other	0.00	0.00
Total 42150 · Athletic Revenue	125,130.00	142,700.00
43000 · Fine Arts Revenue		
43200 · Music Revenue	0.00	3,000.00

43000 · Fine Arts Revenue - Other	3,000.00	0.00
Total 43000 · Fine Arts Revenue	3,000.00	3,000.00
45100 · Tangible Goods Sales Revenue		
45000 · Snack/Lunch Program Revenue	11,050.00	16,000.00
45050 · School Apparel/Uniform Revenue	2,500.00	10,000.00
45100 · Tangible Goods Sales Revenue - Other	0.00	0.00
Total 45100 · Tangible Goods Sales Revenue	13,550.00	26,000.00
46000 · Library Revenue	3,150.00	3,000.00
47000 · Development Revenue		
47010 · Annual Fund	200,000.00	240,000.00
47020 · Scholarship Income	0.00	0.00
47030 · Spring Event Income	100,000.00	100,000.00
47000 · Development Revenue - Other	0.00	0.00
Total 47000 · Development Revenue	300,000.00	340,000.00
Total Income	**9,021,005.00**	**9,763,400.00**
Gross Profit	**9,021,005.00**	**9,763,400.00**
Expense		
50100 · Athletics Expenses		
50300 · Coach Training	40.00	500.00
50400 · Other Athletic Expense	70.00	0.00
50600 · Officials	11,900.00	20,000.00
50640 · Athletic Stipend	26,000.00	40,000.00
50700 · Facility or Field Rental	11,050.00	14,000.00
50705 · Athletic Building/Grounds Mntc	1,100.00	1,500.00
50710 · Athletic Equipment and Supplies	13,500.00	15,000.00
50725 · Sport camp/clinic expenses	13,500.00	6,000.00
50730 · Travel/lodging/meals	6,750.00	7,000.00
50770 · Athletic League Fees	5,700.00	
50775 · Tournament participation fees	11,750.00	14,000.00
50770 · Athletic League Fees - Other	13,000.00	17,000.00
Total 50770 · Athletic League Fees	24,750.00	31,000.00
50780 · Uniforms		

50785 · Warmups	8,050.00	8,000.00
50780 · Uniforms - Other	6,000.00	0.00
Total 50780 · Uniforms	14,050.00	8,000.00
50800 · Athletic Tech Expenses	15,200.00	16,000.00
50100 · Athletics Expenses - Other	2,340.00	0.00
Total 50100 · Athletics Expenses	132,450.00	159,000.00
70101 · Personnel Expenses		
66100 · Payroll Processing Fees	15,600.00	16,100.00
70510 · Payroll Taxes	296,000.00	305,000.00
70525 · Employee Bonuses	65,000.00	67,000.00
70530 · Retirement	43,200.00	44,500.00
70535 · Retirement Plan Expense	7,900.00	8,200.00
70540 · Workers' Compensation	7,200.00	7,500.00
70545 · Health Plan	278,000.00	300,000.00
70600 · Substitutes	52,000.00	53,000.00
70610 · Salaries & Wages	3,990,000.00	4,150,000.00
70615 · Car Allowance	4,800.00	5,000.00
70640 · Academic Stipend	12,000.00	12,500.00
72315 · Cell phone reimbursement	4,800.00	5,000.00
72820 · Life, LTD, & STD Ins	41,200.00	45,000.00
73250 · Unemployment Taxes	3,050.00	3,150.00
73260 · Background Checks	1,000.00	1,000.00
Total 70101 · Personnel Expenses	4,821,750.00	5,022,950.00
70120 · Discounts & Allowances		
70110 · Scholarship Expense	260,000.00	270,000.00
70114 · Employee Discounts	380,000.00	385,000.00
70115 · Tuition Discounts	230,000.00	250,000.00
Total 70120 · Discounts & Allowances	870,000.00	905,000.00
70200 · Professional Development		
70650 · Teacher Certification Expense	1,600.00	2,000.00
70200 · Professional Development - Other	15,000.00	15,000.00
Total 70200 · Professional Development	16,600.00	17,000.00
70240 · Curriculum Expenses		

70250 · Textbooks & Curriculum	210,000.00	215,000.00
70251 · Shipping & Handling	7,000.00	7,250.00
74050 · Online Resources/Databases	43,700.00	50,000.00
Total 70240 · Curriculum Expenses	260,700.00	272,250.00
70275 · Testing Expense	19,000.00	23,000.00
70285 · Yearbook Expense	15,500.00	15,500.00
70300 · Bad Debt	5,000.00	5,000.00
70520 · Employee Relations	13,000.00	13,500.00
70522 · Inservice Expense	5,500.00	5,700.00
70700 · Classroom Expense		
70270 · Student School Supplies	40,000.00	60,000.00
70701 · Teacher Supplies	9,100.00	5,000.00
70704 · Student Tech Expense	8,800.00	9,000.00
70705 · Classroom Equipment	7,500.00	4,000.00
70706 · Classroom Furnishings	14,500.00	9,000.00
Total 70700 · Classroom Expense	79,900.00	87,000.00
70710 · Fine Arts Expenses		
70713 · Art Supplies	7,500.00	8,000.00
70715 · Choir/Music	7,650.00	12,000.00
Total 70710 · Fine Arts Expenses	15,150.00	20,000.00
70720 · Snacks	13,500.00	15,000.00
70740 · Graduation Expense	7,500.00	8,000.00
70750 · Academic Events/Competitions	19,500.00	19,000.00
70805 · Professional Assoc & Org	2,000.00	2,000.00
70900 · Program Exp/Student Events		
70260 · Field Trips	7,000.00	8,000.00
70900 · Program Exp/Student Events - Other	38,500.00	38,500.00
Total 70900 · Program Exp/Student Events	45,500.00	46,500.00
71000 · Summer Programs Expenses	7,000.00	12,000.00
72050 · Professional Fees	28,000.00	30,000.00
72060 · Membership fees		
72055 · Accreditation Fees & Expenses	13,000.00	8,000.00
72060 · Membership fees - Other	2,950.00	16,000.00

Total 72060 · Membership fees	15,950.00	24,000.00
72240 · Bank Fees		
72250 · Bank Service Charges	1,200.00	1,250.00
72251 · Merchant Acct Fees	39,500.00	30,000.00
72550 · Interest Expense	22,800.00	22,000.00
Total 72240 · Bank Fees	63,500.00	53,250.00
72340 · Technology		
70730 · Computer Software	23,000.00	26,000.00
72300 · Computer Service & Support	95,000.00	100,000.00
72305 · Computer Hardware	35,000.00	45,000.00
76375 · Website Management	10,000.00	8,500.00
Total 72340 · Technology	163,000.00	179,500.00
72400 · Depreciation Expense	828,000.00	996,000.00
72600 · Facilities Expenses		
73200 · Utilities Expense	151,000.00	160,000.00
73275 · Janitorial Expense		
73276 · Contracted Janitorial Service	216,200.00	220,000.00
73277 · Janitorial Supplies	34,000.00	40,000.00
Total 73275 · Janitorial Expense	250,200.00	260,000.00
73340 · Campus Lease Payment	12,700.00	10,000.00
73345 · Rent Expense/Offsite Storage	5,650.00	5,500.00
73360 · Interest Expense (Facility)	906,000.00	901,000.00
Total 72600 · Facilities Expenses	1,325,550.00	1,336,500.00
72625 · Building & Grounds	131,000.00	115,000.00
72650 · First Aid Supplies	3,700.00	5,500.00
72655 · Health Care Screenings	11,000.00	12,000.00
72810 · Directors & Trustees Expenses		
72811 · Board Training	1,000.00	2,000.00
72810 · Directors & Trustees Expenses - Other	2,200.00	2,000.00
Total 72810 · Directors & Trustees Expenses	3,200.00	4,000.00
72815 · Insurance		
72825 · Liability, Auto, etc	116,500.00	130,000.00

72830 · Student Insurance	4,200.00	5,000.00
Total 72815 · Insurance	120,700.00	135,000.00
73000 · Office Expenses		
72850 · Postage	2,100.00	2,000.00
73010 · Copier Lease	25,200.00	30,000.00
73025 · Office Furnishings	7,600.00	8,000.00
73045 · Printing Expense	0.00	0.00
73050 · Supplies	36,500.00	35,000.00
Total 73000 · Office Expenses	71,400.00	75,000.00
73055 · Open House/Family Preview	1,000.00	1,000.00
73100 · Taxes & Licenses	350.00	500.00
73350 · Vehicle Mtn & Repairs	5,500.00	12,500.00
73355 · Fuel Expense	1,200.00	2,000.00
73500 · Lunch Program Expenses		
74000 · Library Material	6,400.00	6,500.00
74010 · Elementary	1,000.00	1,500.00
74020 · Secondary	1,500.00	1,000.00
75000 · Library Supplies	0.00	0.00
74000 · Library Material - Other	8,900.00	9,000.00
Total 74000 · Library Material		
76000 · Foundation Expenses	48,000.00	48,000.00
76226 · Gala/Spring Event Expenses	4,000.00	2,000.00
76350 · Donor Relations	9,550.00	14,300.00
76600 · Jog-a-thon/Cru Ball Expenses	0.00	0.00
76700 · Contributions to RRCA	2,000.00	0.00
76000 · Foundation Expenses - Other	63,550.00	64,300.00
Total 76000 · Foundation Expenses	11,600.00	14,000.00
76250 · Advertising	0.00	0.00
Total Expense	**9,206,650.00**	**9,717,450.00**
	-185,645.00	**45,950.00**
	-185,645.00	**45,950.00**

Board of Directors Manual

Section 7

Forms to Sign

RRCA Board of Directors
Roles and Responsibilities

The Round Rock Christian Academy Board of Directors will be comprised of select individuals who have an interest in the future of Round Rock Christian Academy ("RRCA") and creating an environment of learning where the students are able to receive a Christ centered education.

Board of Directors members should have a/an:

- Belief in the mission and goals and serve as an advocate for RRCA in the community;
- Enthusiasm for the school and its objectives;
- Willingness to follow the campaign plan and work in conjunction with Dini Partners and RRCA's staff and leadership;
- Desire to be informed about the School, to ask questions and request information; and
- Ability and willingness to consider the advice of counsel.

Your Board of Directors roles and activities will include the following tasks when appropriate and to the extent that the Directors are comfortable:

- Identify and recruit other RRCA Board of Directors members as needed;
- Oversight of the school's operations and processes;
- Advising RRCA's staff and leadership on matters related to the school and its operations.
- Commit a personal stretch gift to RRCA;
- Attend monthly Board of Directors meetings and necessary committee meetings;
- Provide guidance and counsel as needed to RRCA on topics related to your area(s) of expertise and experience;
- Assist with gift acceptance, acknowledgement, recognition, and stewardship; and
- Provide candid, open and honest feedback and evaluation regarding the campaign.

Volunteers have the right to expect the following from the staff and leadership of RRCA:

- A well-directed and managed plan of action;
- Meaningful, well-prepared, and purposeful meetings;
- Complete, clear, ethical research and background information concerning prospects;
- Discretion with and respect for Board of Directors members' prospects, friends and associates, and gifts raised;
- All communication and information regarding the campaign handled with confidentiality when appropriate;
- All gifts respectfully acknowledged in a timely manner;
- Timely, accurate, and thorough follow-up to questions; and
- Continuing gratitude for the many ways volunteers contribute to the success of the campaign's progress.

______________________________________ __________________

Signature Date

____

Name *(Please Print)*

Round Rock Christian Academy

Board of Directors

Conflict of Interest Statement

By signing below I acknowledge that I have reviewed and am in agreement with the Conflict of Interest Policy. This policy has been provided to me electronically and a hard copy is available to me upon request.

_____ To the best of my knowledge, I do not have a conflict of interest with the operations of RRCA.

_____ I do have a conflict of interest and so acknowledge it to the Board of Directors.

Conflict of interest noted briefly: ______________________________

Printed Name: ______________________________

Signature: ______________________________

Date Signed: ______________________________

BOARD OF DIRECTORS
CONFIDENTIALITY PLEDGE

It is assumed that in the course of preparing for and conducting fundraising activities for Round Rock Christian Academy ("RRCA"), volunteers, counsel, and staff will have the opportunity and occasion to discuss information of a personal, financial, and confidential nature.

By signing below, I agree to affirm RRCA's commitment to protect the dignity and trust of its benefactors, friends, partners, and prospective donors by abiding to the following:

A. All information relating to any area of RRCA that is not yet publicly known shall remain confidential until such a time as it is deemed by the Head of School no longer to be confidential.

B. All fundraising related discussions concerning major gift prospects whether individual, foundation, or corporation are to be held in confidence.

C. All information concerning financial capability, past giving patterns, specific gifts, and/or personal disclosures about giving interests are to be treated confidentially.

D. All discussions and/or reports of gifts and capital campaign commitments are to be held in confidence until written confirmation of the pledge or gift is received. Anonymous gifts shall remain confidential.

____________________________________ __________________

Signature Date

____

Name *(Please Print)*

RRCA STATEMENT OF BELIEFS

- We believe the Bible to be the inspired, the only infallible, authoritative, inerrant Word of God (2 Timothy 3:15; 2 Peter 1:21)
- We believe there is only one God eternally existent in three persons - Father, Son and Holy Spirit (Genesis 1:1; Matthew 28:19; John 10:30)
- We believe in the deity of Christ (John 10:33); His virgin birth (Isaiah 7:14; Matthew 1:23; Luke 1:35); His sinless life (Hebrews 4:15; 7:26); His miracles (John 2:11); His vicarious and atoning death (1 Corinthians 15:3; Ephesians 1:7; Hebrews 2:9); His resurrection (John 11:25; 1 Corinthians 15:4); His ascension to the right hand of the Father (Mark 16:19); His personal return in power and glory (Acts 1:11; Revelation 19:11).
- We believe in the absolute necessity of regeneration by the Holy Spirit for salvation because of the exceeding sinfulness of human nature and that men are justified on the single ground of faith in the shed blood of Christ and that only by God's grace and through faith alone we are saved (1 John 3:16-19; 5:24; Romans 3:34; 5:8-9; Ephesians 2:8-10; Titus 3:5).
- We believe in the resurrection of both the saved and the lost, they that are saved unto the resurrection of life, and they that are lost unto the resurrection of condemnation (John 5:28-29).
- We believe in the spiritual unity of believers in our Lord Jesus Christ (Romans 8:9; 1 Corinthians 12:12-13; Galatians 3:26-28).
- We believe in the present ministry of the Holy Spirit who indwells each Christian and enables us to live a godly life (Romans 8:13-24; 1 Corinthians 3:16; 6:19-20; Ephesians 4:30; 5:18). It is our privilege to choose to "walk by the Spirit" and to make choices that reflect submission to God's good design and will.
- We believe that our created sex and sexuality are good gifts from God. We are created in the image of God, male and female. These two distinct, complementary genders together reflect the image and nature of God (Gen 1:26-27). Our gender is an inherent part of this good gift and defined by our biological sex. God has uniquely created each person to live their life as He created them, male or female, to serve and glorify God in their life.
- We believe that the term "marriage" has only one meaning: the uniting of one man and one woman in a single, exclusive union, as delineated in Scripture (Gen. 2:18-25). We believe that God intends sexual intimacy to occur exclusively in marriage between a man and a woman. (1 Cor. 6:18; 7:2-5; Heb. 13:4). We believe that God has commanded that all believers abstain from any sexual activities outside of a one man, one women martial relationship. All human sexual union outside of marriage between one man and one woman is a distortion of God's good gift and against His commands. (Romans 1:24 -27).
- We believe that any form of sexual immorality is against God's commands (Matt. 15:18-20; 1 Cor. 6:9-10).
- We believe that God offers redemption and restoration to all who confess and forsake their sin, seeking His mercy and forgiveness through Jesus Christ (Acts 3:19-21; Rom. 10:9-10; 1 Cor. 6:9-11).
- We believe that every person must be afforded compassion, love, kindness, respect, and dignity (Mark 12:28-31; Luke 6:31). Hateful and harassing behavior or attitudes directed toward any individual are not acceptable and are not in accord with Scripture nor the doctrines of RRCA.

By signing below I acknowledge that I have reviewed and am in agreement with the Statement of Beliefs of Round Rock Christian Academy.

Printed Name: ________________________ Signature: ________________________

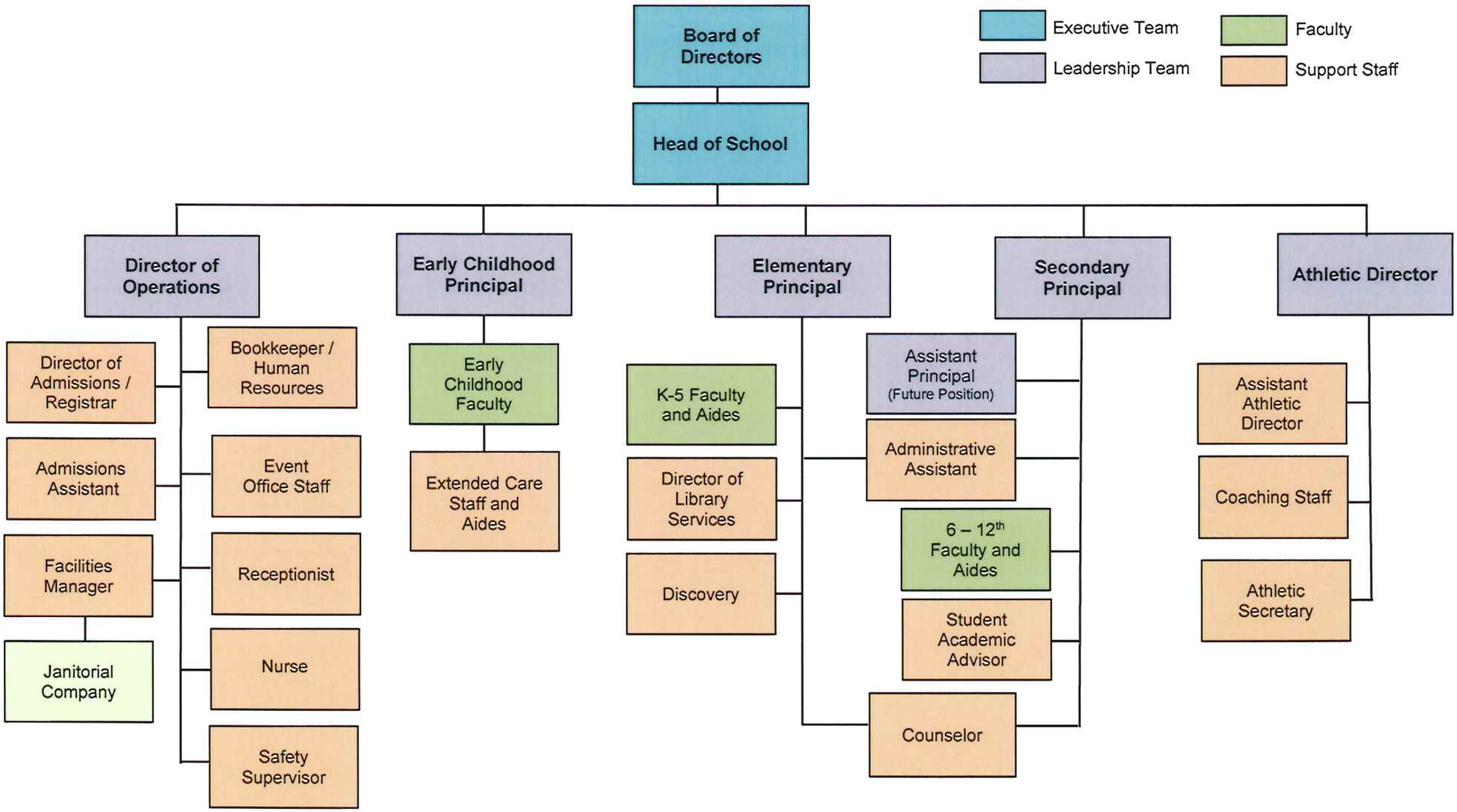
Date: ________________________

Board of Directors Manual

Section 8

RRCA Personnel

Round Rock Christian Academy Organizational Chart



Rev. 2/20/25

Board of Directors Manual

Section 9

D & O Insurance Policy

UMBRELLA LIABILITY POLICY DECLARATIONS

THE HARTFORD

INSURER: HARTFORD CASUALTY INSURANCE COMPANY
ONE HARTFORD PLAZA, HARTFORD CT 06155

POLICY NUMBER: 65 RHU BG9C27

Items

1. **Named Insured and Mailing Address:** ROUND ROCK CHRISTIAN ACADEMY
800 WESTWOOD DR
ROUND ROCK TX 78681-2595

2. **Policy Period:** **From** 07/01/2024 **To** 07/01/2025
12:01 A.M., Standard Time mailing address shown above.

3. **Agent/Broker Name:** NFP PROPERTY & CASUALTY SVCS INC

4. **Audit Period:** Non-Auditable

	ADVANCE PREMIUM	RATE	PER	PREMIUM BASIS
5. **Premium:**	$11,250.00			

6. **Self-Insured Retention** $10,000 each occurrence

7. **Limits of Insurance** The Limits of Insurance, subject to all of the terms of this policy, are:

General Aggregate Limit (Other than Products - Completed Operations, Bodily Injury By Disease and Automobile)	$4,000,000
Products - Completed Operations Aggregate Limit	$4,000,000
Bodily Injury By Disease Aggregate Limit	$4,000,000
Each Occurrence Limit	$4,000,000

8. **Underlying Insurance Policies** (See attached Schedule)

9. **This policy consists of:**
   (a) This Declarations;
   (b) The Schedule of Underlying Insurance Policies; XL00050502
   (c) The Policy Provisions; XL00030916
   (d) The Policy Cover; XL00070314
   (e) Any Endorsements shown below.

UMBRELLA LIABILITY POLICY DECLARATIONS

POLICY NUMBER: 65 RHU BG9C27

Endorsements forming part of this policy when issued:

XL00230308	XL24581210	XL04151088	XL23911217	XL00010107
XL23640616	XL00050502	XL23440605	XL22170914	XL23170204
XL04550315	XL21781210	IH12040312	IH99400409	G-3116-6
HM00990921	100722	XL02310922	XL24011217	XL04430305
XL23880317	XL00030916	XL23540408	XL00070322	XL22800209
XL23300115	XL21300786	XL21820305	IH12060221	IH99410409
G-3418-0	IH09850115	XL70001206		

Countersigned by (Where required by law)	Susan L. Castaneda Authorized Representative	07/15/2024 Date

COMMERCIAL GENERAL LIABILITY COVERAGE PART - DECLARATIONS

THE HARTFORD

POLICY NUMBER: 65 UUN BG90W6

This COMMERCIAL GENERAL LIABILITY COVERAGE PART consists of:

- **A.** This Declarations;
- **B.** Commercial General Liability Schedule;
- **C.** Commercial General Liability Coverage Form; and
- **D.** Any Endorsements issued to be a part of this Coverage Part and listed below.

LIMITS OF INSURANCE

The Limits of Insurance, subject to all the terms of this Policy that apply, are:

Each Occurrence Limit	$1,000,000
Damage to Premises Rented to You Limit - Any One Premises	$100,000
Medical Expense Limit - Any One Person	$5,000
Personal and Advertising Injury Limit	$1,000,000
General Aggregate Limit,(other than Products-Completed Operations)	$2,000,000
Products-Completed Operations Aggregate Limit	$2,000,000

ADVANCE PREMIUM: $88,252.00

AUDIT PERIOD: Annually

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

HC21560321	HG21210206	HC22340305	HS99220608	CG24161207
HC23140617	HC00880916	HC04301106	CG22390413	HG00010916
HC21091087	CG22400196	HC26370408	HG01030606	

EMPLOYEE BENEFITS LIABILITY COVERAGE PART - DECLARATIONS (CLAIMS MADE)

THE HARTFORD

POLICY NUMBER: 65 UUN BG90W6

This EMPLOYEE BENEFITS LIABILITY COVERAGE PART (CLAIMS MADE) consists of:

A. This Declarations;

B. Commercial General Liability Schedule;

C. Employee Benefits Liability Coverage Form; and

D. Any Endorsements issued to be a part of this Coverage Part and listed below.

Retroactive Date: 07/01/2016 If no date is entered, the Retroactive Date is the Inception Date of the Policy Period stated in the Common Policy Declarations.

LIMITS OF INSURANCE

The Limits of Insurance, subject to all the terms of this Policy that apply, are:

Each Claim	1,000,000
Aggregate	2,000,000

ADVANCE PREMIUM: $192.00

AUDIT PERIOD: Annually

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

G-2974-3 HC00200295 HC00080796 HC70050796

EDUCATORS PROFESSIONAL CHOICE POLICY DECLARATIONS

THE HARTFORD

Policy Number: 65 UUN BG90W6

NOTICE: THE COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN: YOUR COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE DURING THE POLICY PERIOD AND REPORTED TO US IN ACCORDANCE WITH THE APPLICABLE NOTICE PROVISIONS, FOR WRONGFUL ACTS OCCURRING AFTER THE APPLICABLE RETROACTIVE DATE, IF ANY. COVERAGE IS SUBJECT TO THE INSURED'S PAYMENT OF THE APPLICABLE RETENTION. PAYMENT OF DEFENSE COSTS IS IN ADDITION TO THE AVAILABLE LIMIT OF LIABILITY. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Item 1: Named Entity and Mailing Address: ROUND ROCK CHRISTIAN ACADEMY
800 WESTWOOD DR
ROUND ROCK, TX 78681-2595

Item 2: Producer's Name and Address: NFP PROPERTY & CASUALTY SVCS INC
1250 S CAPITAL OF TX HWY 600
AUSTIN, TX 78746

Item 3: Policy Period:

Inception Date: July 1, 2024 12:01 AM, at your mailing address shown in Item 1

Expiration Date: July 1, 2025 12:01 AM, at your mailing address shown in Item 1

Item 4: Premium:

X	**Each Claim Combined Limit of Liability:** $1,000,000 **Combined Aggregate Limit of Liability for All Coverage Parts:** $2,000,000
	Limits are not combined. See endorsement.

Item 5: Coverage Part Elections

Only those **Coverage Parts** and Optional Coverages designated with an "X" are included under this Policy.

	Coverage Part	Retention	Retroactive Date	Optional Coverage
X	**Directors, Officers and Entity Liability**	**Retention:** **Insuring Clause A $10,000** **Insuring Clause B $10,000** **Insuring Clause C $10,000**	**Retroactive Date: 07/01/2011** (if "None" is entered, prior acts coverage is unlimited)	

EDUCATORS PROFESSIONAL CHOICE POLICY DECLARATIONS

Policy Number: 65 UUN BG90W6

X	**Employment Practices Liability**	**Retention:** **$25,000**	**Retroactive Date:** **07/01/2011** (if "None" is entered, prior acts coverage is unlimited)	☐ **Third Party Liability** **Retention:** **Retroactive Date:**
X	**Educators Errors and Omissions Liability**	**Retention:** **$25,000**	**Retroactive Date:** **07/01/2024** (if "None" is entered, prior acts coverage is unlimited)	

Item 6: Supplemental Extended Reporting Period

Duration: 1 Year
Charge: 100% of Full Annual Premium

Full Annual Premium means the sum of the annual premium specified for all applicable **Coverage Parts** plus the annualized amounts of any additional premium(s) charged for such **Coverage Parts** during the **Policy Period**.

Item 7: Endorsements

This policy shall include the following endorsements at issuance:

HG00040315 HG00060315 HG00050315 HG99210315 HG00080315

This policy shall also include any endorsements that form a part of the Commercial General Liability Policy issued with the same Policy Number as this Policy and that are applicable to either "Educators Legal Liability" or "Educators Professional Choice" coverage.

Where required by law, this Policy is not binding unless countersigned by our Authorized Representative.

Countersigned by Susan L. Castaneda 07/10/2024
Authorized Representative Date

EDUCATORS PROFESSIONAL LIABILITY RIDER
(CLAIMS MADE)

SCHEDULE I

Coverage	Limits of Insurance	
Educators Professional Liability	$4,000,000	Each Claim Limit
	$4,000,000	Wrongful Act Liability Aggregate Limit

Effective Date: 07/01/2024

SCHEDULE II
Controlling Underlying Insurance Policy

Insurer: Hartford Fire Insurance Company

Policy Number 65UUNBG90W6 **Policy Period** 07/01/2024 - 07/01/2025

Educators Professional Choice
Coverage Part **Limits of Liability**

	Coverage Part	Limits of Liability	
X	Directors, Officers and Entity Liability	Each Claim Combined Limit	$1,000,000
X	Educators Errors and Omissions Liability	Combined Aggregate Limit	$2,000,000
X	Employment Practices Liability		

Retroactive Date: The Retroactive Date for the purpose of the coverage provided by this Rider is the same as the Retroactive Date on the Controlling Underlying Insurance Policy for each applicable Coverage Part.

THIS RIDER PROVIDES CLAIMS MADE COVERAGE.
PLEASE READ THE ENTIRE FORM CAREFULLY.

None of the terms, conditions, definitions or exclusions of the Umbrella Liability Policy to which this Rider is attached apply to the insurance afforded by this Rider except for the following portions of the DECLARATIONS:

Item 1: Named Insured and Mailing Address;

Item 2: Policy Period; and

Item 5: Premium.

Exception

Any state amendatory endorsement changing the CANCELLATION or NONRENEWAL Conditions for any part of the Umbrella Liability Policy shall also apply to this Rider.

SCHEDULE OF UNDERLYING INSURANCE POLICIES

THE HARTFORD

POLICY NUMBER: 65 RHU BG9C27

This schedule forms a part of the policy designated herein.

Named Insured and Mailing Address: ROUND ROCK CHRISTIAN ACADEMY
800 WESTWOOD DR
ROUND ROCK TX 78681-2595

Insurer, Policy Number and Period	Type of Coverage	Applicable Limits	
(A) TO			
	Employers' Liability	Bodily Injury Limit	
	EXCLUDED		Each accident (by accident*)
			Policy limit (by disease*)
			Each employee (by disease*)
(B) TRUMBULL INSURANCE COMPANY 65 UEN BG90X7 07/01/2024 TO 07/01/2025			
	Commercial Auto Liability written to include all owned, non-owned and hired autos, except as listed below:	Single Liability Limit	
		$1,000,000	Each accident
		Split Liability Limits	
			Bodily injury each person
			Bodily injury each accident
			Property damage each accident
(C) HARTFORD FIRE INSURANCE COMPANY 65 UUN BG90W6 07/01/2024 TO 07/01/2025			
	Commercial General Liability written to include all coverages of CG0001 or HG0001, except as listed below:	$1,000,000	Each occurrence limit
		$1,000,000	Personal and advertising injury limit
	PROD/COMP OPERATIONS	$2,000,000	General aggregate limit (other than products-completed operations)
		$2,000,000	Products-completed operations aggregate limit

SCHEDULE OF UNDERLYING INSURANCE POLICIES (Continued)

POLICY NUMBER: 65 RHU BG9C27

Insurer, Policy Number and Period	Type of Coverage	Applicable Limits	
(D) HARTFORD FIRE INSURANCE COMPANY 65UUNBG90W6 07/01/2024 TO 07/01/2025			
	Other (Specify)		
	Employee Benefits Liability	$1,000,000	Underlying Each Claim/Offense
		$2,000,000	Underlying Aggregate Limit
		07/01/2016	Underlying Retroactive Date
		Claims Made	Umbrella Policy Basis
		$4,000,000	Umbrella Employee Benefits Liability Each Claim Limit
		$4,000,000	Umbrella Employee Benefits Liability Aggregate Limit
(D) HARTFORD FIRE INSURANCE COMPANY 65UUNBG90W6 07/01/2024 TO 07/01/2025			
	Other (Specify)		
	Limited Liability For Negligence Related to Sexual Abuse or Molestation (SAM)	$1,000,000	Underlying Sublimit
(D) HARTFORD FIRE INSURANCE COMPANY 65UUNBG90W6 07/01/2024 TO 07/01/2025			
	Other (Specify)		
	Educators Professional Choice	$1,000,000/$2,000,000	Underlying Each Claim/Combined Aggregate Limit
		07/01/2011	Underlying Directors, Officers and Entity Liability Retroactive Date
		$10,000	Underlying D&O Self-Insured Retention Insuring Clause B & C
		07/01/2024	Underlying Educators Errors and Omissions Liability Retroactive Date

SCHEDULE OF UNDERLYING INSURANCE POLICIES (Continued)

POLICY NUMBER: 65 RHU BG9C27

Insurer, Policy Number and Period	Type of Coverage	Applicable Limits	
		$25,000	Underlying Educators E&O Self-Insured Retention
		07/01/2011	Underlying Employment Practices Liability Retroactive Date
		$25,000	Underlying Employment Practices Liability Self-Insured Retention
		$4,000,000	Umbrella Educators Professional Choice Limit
		07/01/2011	Umbrella Directors, Officers and Entity Liability Retroactive Date
		07/01/2024	Umbrella Educators Errors and Omissions Liability Retroactive Date
		07/01/2011	Umbrella Employment Practices Liability Retroactive Date

Note Maintenance of Underlying Insurance Condition

* Except that in any jurisdiction where the amount of Employers' Liability Coverage afforded by the underlying insurer is by law unlimited, the limit stated does not apply and the policy of which this schedule forms a part shall afford no insurance with respect to Employers' Liability in such jurisdiction.

Board of Directors Manual

Section 10

Additional Information