



Contract Management for Nonprofit Organizations

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Disclaimer

Today's presentation is informational only and is not intended to constitute legal advice. Consult with counsel for legal advice pertinent to your organization.



Today's webinar will cover...

- Why should we have a contract management system?
- What are some low-cost options for contract management systems?
- What documents and information should we track?
- What are some other ways to manage contract-related risks?



What contracts do you have?

Clem & Kyle set up Speaking Justice to run social justice workshops for school kids. While they apply for tax exempt status, they set up a fiscal sponsorship with We Help Inc. After receiving a small planning grant from a community foundation, they retain a consultant to plan their first fundraiser. The event is held at the Dance With Us tango studio and requires them to rent special lighting and sound systems for the evening. With the money they bring in from that event and a grant from NYC to run afterschool programming, they are able to rent a small storefront, buy furniture and rent a copier. NYC's grant payments are delayed, so they take out a line of credit from the local bank.



Why do we need a contract management system?

- Standardize & track contract development and execution
- Collaborate with counterparties
- Keep track of all contract documents (original, amendments, attachments etc.)
- Keep track of obligations (deliverables and other compliance requirements e.g. record retention) and compliance
 - Identify who in the organization needs to do what
 - Know your rights
- Aggregate & search for information across contracts
- Keep information even when staff leave; easily provide information on contract obligations & rights to new staff
- Plan ahead – know when your services are ending/when you need to renew or replace services



Contract Management Systems: Options

- Individual contracts:
 - Keep copies (hard copy, digital)
 - Cover sheet/summary of each
- Multiple contracts:
 - Spreadsheet
 - Contract management portals/software
 - Functionality may include:
 - Drafting: collaboration, standard clauses, keep track of versions
 - Signatures
 - Storage, searchability, aggregation of information
 - Automated reminders (e.g. key dates), reports etc.
 - Integration with other systems: invoicing, payment etc.



Example: Summary of key provisions – single contract

NYSERDA CONTRACT KEY ITEMS LIST

The following is a summary of certain notable provisions in the New York State Energy Research and Development Authority (“NYSERDA”) Agreement (the “Agreement”) between NYSERDA and [ORGANIZATION] (the “Contractor”). For any items summarized below, the referenced section(s) of the Agreement should be reviewed for a complete understanding of the relevant obligations. Note that provisions that are considered customary or irrelevant are excluded from this summary. Any defined terms used here have the same meaning as ascribed to them in the Agreement.

Project Title:

Contract Length: 6 months

EXHIBIT A – STATEMENT OF WORK				
Task	Description of Work	Deliverables	Budget	Notes
Task 1.0			X hours \$X	

EXHIBIT B – GENERAL CONTRACT PROVISIONS, TERMS AND CONDITIONS			
Item	Summary of Provisions	Section Reference	Notes
Conditions Precedent; Pre-Execution Deliverables			
Project Personnel	<ul style="list-style-type: none">The identified Project Director shall be responsible for Work completed by Contractor.Written approval of NYSERDA necessary to change Project Director.		<ul style="list-style-type: none">If Contractor notifies NYSERDA of change of Project Director and does not receive response within 30 days, request shall be considered approved.
Payment Terms	<ul style="list-style-type: none">NYSERDA not obligated to make any payments beyond the Expiration Date,	Article IV, Section 4.01	<ul style="list-style-type: none">NYSERDA may extend the Expiration Date at its sole discretion


Example: Spreadsheet summarizing contract obligations – single contract

SAMPLE SUMMARY OF CONTRACT OBLIGATIONS

Name of counterparty:
Subject matter of contract:
Start & end dates:
Name of our project manager:

	What is our organization required to do?	Proof of our organization's compliance (e.g. certificate of insurance)		Which staff members or departments need to know and/or be involved in our organization's compliance? (e.g. project manager, IT, finance, communications, human resources, operations, board)	Does our obligation extend beyond term of contract? (If yes, when does it expire)
		Do we have proof?	Where is it kept?		
Insurance					
Staffing					
Deliverables					
Corporate policies					
Reporting					
Intellectual property, publicity					
Confidentiality, data protection & nondisclosure					
Document retention & destruction					
Invoicing & payment					
Subcontracts					
Procurement					
Obligation to comply with certain laws					
Non-compete					
Closing out the contract					
Other					

Example: Spreadsheet with snapshots of multiple contracts – *Consultants*

	A	B	C	D	E	F	G	H	I	J
1	 Lawyers Alliance FOR NEW YORK <small>Connecting Lawyers, Nonprofits, and Communities</small>									
2	SAMPLE CONTRACT MANAGEMENT SPREADSHEET									
3	Consultant Contracts									
4	Counterparty Name	Contract Purpose	Fully Executed Copy? (Y/N; Location)	Amendments	Contract Amount	Contract Start Date	Contract End Date	Contract Manager (Internal)	Counterparty Main Contact Information	Other Notes
5	Fundraisers R Us, Ltd.	Consultant for June 2022 in-person fundraising event	Yes - "Contracts Folder" (electronic)	No	\$1,500	1-Jan-22	30-Jun-22	Kyle	Fred: fred@fundraising.com; (xxx) xxx - xxxx	We can switch to virtual event for an additional \$250 (see Section 3)
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Example: Spreadsheet with snapshots of multiple contracts – *Vendor & Service Contracts*

Vendor and Service Contracts					
Counterparty Name	Contract Purpose	Fully Executed Copy? (Y/N; Location)	Amendments	Payment Amount	Payment Due Date
ABC Copier Co.	Copier rental (main office)	Yes - "Contracts Folder" (electronic)	No	\$100/month	1st of the month
Carol's Cleaners	Weekly cleaning (main office)	No - need to follow up!	No	\$250/month	15th of the month

Contract Start Date	Contract End Date	Cancellation or Auto-renewal?	Contract Manager (Internal)	Counterparty Contact Information	Other Notes
1-Jan-22	No end date - continues until cancelled	Cancel on 30 days notice	Clem	Jean: jean@copies.com; (XXX) - XXX-XXXX	
1-Feb-22	1-Feb-23	N/A	Clem	Carol: carol@cleaning.com; (XXX) XXX-XXXX	



Example: Spreadsheet with snapshots of multiple contracts – *Government Grants and Funding Contracts*

Grants and Funding Contracts

Funder	Contract Purpose	Fully Executed Copy? (Y/N; Location)	Amendments	Contract Amount
NYC Department of Kids	After-school mentoring program	<i>No - signed electronically on January 1, 2022; waiting for fully executed copy</i>	No	\$50,000

Start Date	End Date	Insurance RQs?	Key Reporting Deadlines	Contract Manager (Internal)	Funder Contact Information	Other Notes
1-Jan-22	30-Jun-22	Yes - COI requested from insurance broker (January 1, 2022)	Monthly reports due by 15th of each month; final report due by July 15, 2022	Kyle		



Example: Spreadsheet with snapshots of multiple contracts – *Leases & Space Licenses*

Leases and Space Licenses

Property Address	Fully Executed Copy? (Y/N; Location)	Amendments	Start Date	End Date	Monthly Rent (Current)	Rent Increase? (Y/N; Date)
17 Apple Street - 1st and 2nd Floor	Yes - "Leases Folder" (electronic)	1st Amd (Feb 1, 2022) - adding 2nd floor space	1-Jan-22	31-Dec-26	\$3,500	Yes - January 1, 2024 (\$3,750)

Additional Rent	Security Deposit	Renewal Right? (Y/N; Timing)	Right to Cancel? (Y/N)	Landlord Contact	Property Manager Contact	Other Notes
Taxes, sprinkler charges	\$7,000	Yes - must give notice 3 months before end of lease (see Section 14)	No			



What documents do we need to keep?

- Original contract
- Attachments or appendices or riders
- Other documents incorporated by reference
- Amendments
- Renewals

*6th Amendment
to the Contract
of Sale*

*Rider to Lease
dated Oct. 1, 2021*



Dates

- When was the contract signed?
- What is the contract's "term"?
- What happens when the term is up?
 - Do any provisions stay in force beyond the term?
 - Does the contract automatically renew?
 - If so, by when would you need to cancel to avoid automatic renewal?
 - If it doesn't automatically renew by when do you need to renew?
 - What if you don't renew but the relationship continues?
- Deliverables schedule
- Invoicing, payment schedules



What are your compliance obligations?

- Insurance
- Staffing
- Deliverables
- Corporate policies
- Reporting
- Intellectual property & publicity
- Confidentiality, data protection & nondisclosure
- Document retention & destruction
- Invoicing & payment
- Subcontracts
- Procurement
- Obligation to comply with certain laws
- Non-compete
- Closing out the contract
- Other



Keeping track – who needs to do what?

- Tech department – data security and confidentiality obligations
- Finance – payment, invoicing, budgeting
- HR – are required employee policies in place?
- Communications – confidentiality & publicity obligations
- Board – may need to OK contracts over a certain dollar value; adopt organizational policies; should be told if contract requires board minutes to be available to government
- Operations – insurance requirements & certificates, record retention, return of equipment

Is there anyone who shouldn't be involved, due to a conflict of interest?



Risk Assessment

Risks

- Unknown counterparty
- Dangerous activity
- High potential liability for breach
- Money is transferred before contract compliance is completed

Mitigation measures

- Increase monitoring of other party
- Train your staff/subcontractors
- Contractually shift risk to subcontractors
- Insurance



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