Evaluating Partnership, Chartering and Sponsorship Agreements: A Checklist

From time to time, local PTA units may be asked to sponsor, charter, and enter into agreements with other nonprofits, community organizations or school-based entities. These requests usually occur because another organization is looking for an umbrella or partner organization with which they can receive benefits they cannot access on their own. The benefits they wish to access could include the PTA's (or its individual members') financial resources, community reputation, access to space, communication channels, and other advantages that a formal or informal partnership could bring to the table. Sometimes these agreements create windows of opportunity for a local PTA, but each agreement decision should be carefully made after the PTA has done its due diligence in answering these questions.

On a broad level evaluation, each PTA should ask these questions:

1. Does the organization align with the PTA mission?
2. Are they borrowing the PTA's 501(c)3 status?
3. Are there any ramifications for the PTA brand?

Each PTA should examine these invitations carefully and determine authoritative answers to these questions and others.

<u>Partnership Questions</u>

1. Who will benefit the most from this agreement that is being sought?
2. What does the partner desire from us, and can we fulfill that obligation?
3. What do we want out of this partnership and what is our level of confidence that we will receive that benefit? How do we know?
4. Is the partnership balanced? Are both parties eager to fulfill agreed-upon benefits/commitments?
5. What is the reputation of this organization in the broader school community? What are the concrete ways we can know that affiliation with this entity will strengthen our PTA?
6. Is this request for PTA to charter an activity or program? (In most charter agreements, PTA would be obligated to be ultimately responsible for all legal and financial risks. Read the charter agreement carefully.)

<u>Risk/Legal Questions</u>

1. Is this organization clearly nonpartisan in that it does not support any political candidates or engage in the political process in a partisan way that may jeopardize the PTA's 501(c)3 status?
2. What are the legal implications? Are we signing an agreement that has been carefully vetted by qualified leadership and/or legal counsel?
3. What are the potential risks that we are assuming with this agreement? For instance, are there services provided to minors that PTA does not have appropriate volunteer screening, monitoring, training, and practices in place to ensure safety for students? Are we covered should there be an accident related to this entity? Does the organization take risks that would

put PTA in jeopardy if we were sued as well? Have we discussed this agreement with our insurance provider, such as AIM, to determine if we are exposing ourselves to claims that our policy will not cover or specifically exclude?

4. What are the financial risks for the association? Who receives and processes funds? What cash management, separation of duties and reporting requirements are in place to prevent theft of assets? What joint contracts may need to be signed that may create a financial obligation for the PTA? Who can authorize those? Is there a profit-sharing agreement and if so, is the time and talent PTA is investing worth the financial return?
5. Are there any state specific laws that may impact our decision?
6. What documentation do we have about a currently in-force insurance policy from the other organization? And does that policy specifically insure PTA if PTA is named in a suit as a charting/sponsoring/partner organization?

<u>Board Fiduciary Questions</u>

1. Who ultimately decides and takes responsibility for making partnership decisions? Has the state PTA set up rules and guidelines around such agreements? If not, has the PTA board carefully reviewed all aspects of the agreement and voted in support of the partnership? Who can approve modifications to the agreement that are binding? Do any agreements outside the initial written agreement have to be in writing or are verbal changes allowed?
2. How does this agreement expand our mission and our membership? Each partnership and agreement should serve the growth, visibility, and impact of the PTA, not just serve the needs of another organization's mission and impact. Since our PTA has limited resources and volunteers, is this agreement making the best use of our talents and time?
3. Does anyone have a conflict of interest in this agreement that could bring embarrassment to the PTA? Is there any nepotism present in the partners that are selected?
4. What are the time parameters for this agreement?
5. How will we evaluate the success of this partnership and know whether to continue or discontinue the agreement after the original time parameter has passed?
6. What are the steps and timeline required to exit the agreement?

<u>Summary</u>

While this list of questions may seem overwhelming, the intent is to make sure that the local PTA has considered all the potential risks and rewards of entering into a partnership of any kind with another entity. Please be sure to consult with your state nonprofit laws, state PTA insurance partner and available legal counsel when appropriate for additional guidance they may offer.