

# Bookkeeping Services Agreement

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This is a Bookkeeping Services Agreement ("Agreement") dated as of \_\_\_\_\_, 20\_\_ between XYZ ("we" or "XYZ"), a California nonprofit corporation, and \_\_\_\_\_ ("you" or "Client").

## Background

XYZ is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. XYZ supports [\_\_\_\_\_] and others working in the [\_\_\_\_\_] through resources such as [\_\_\_\_\_] and bookkeeping services. You have asked us to provide bookkeeping services to you. This Agreement describes our working relationship.

## 1. Core Terms

### 1.1 Services

We will perform bookkeeping services ("Services") for you as described in this Agreement, including the Statement of Work ("SOW") attached as **Exhibit A**.

### 1.2 Compensation

We will charge you the fee set out in the SOW and send you an invoice. You'll pay us within 15 days, unless a different period is specified in the invoice. [Interest of 1% per month will be due on any late payment from the due date until the amount is paid.]

### 1.3 Personnel

We may perform Services through our staff or contractors, including [\_\_\_\_\_] , who will work with you directly. If you have concerns about staffing, please let us know and we will work to promptly address the situation.

### 1.4 Scope Changes

If you ask us to do work that in our view is not included in the scope as described in the SOW, or if we determine that more work is necessary than is specified in the SOW, we'll submit to you a written change order ("Change Order"), in the form of **Exhibit B**, describing: (a) the additional Services or hours to be performed and (b) the additional fees, if any, associated with such Services and time. You will decide whether or not to approve the additional Services. We will not perform any Service not authorized by you in the SOW or approved Change Order.

## 2. Bookkeeping Services

### 2.1 Professional Standards

XYZ will perform the Services in a timely and professional manner consistent with industry standards.

### 2.2 Bookkeeping Services Only

You understand that XYZ is providing you with only the bookkeeping services specified in the SOW. Unless specified in the SOW, XYZ will not:

- pay invoices or bills or otherwise manage your cash balances
- process payroll
- set up, install, or provide training for a bookkeeping system or software
- prepare your budget
- assume any managerial or fiduciary obligations with respect to you, your bank accounts, or your assets
- prepare tax returns or other tax reports (e.g. Form 1040, Form 1120, Form 1099, Forms W-2 or W-3)

- provide public accounting services
- be responsible for establishing or monitoring your internal controls, or identifying or communicating significant deficiencies or weaknesses in your systems and procedures for ensuring the integrity of financial and accounting information

### **2.3 Nature of Services**

We are not certified public accountants, certified public bookkeepers, or enrolled agents for IRS purposes. For clarity, we are not carrying out, and the Services do not constitute, an audit, review, or compilation of your financial statements. We will not participate in, provide advice about, or serve as your representative in any IRS audit, investigation, or dispute.

### **2.4 Client's Financial Information; Cooperation**

You are responsible for providing us with the financial information we need to provide the Services, including, without limitation, bank statements, tax returns, receipts, payroll records, contracts, and other financial or organizational records. You will provide this information to us upon request. In addition, upon request, you will provide us with access to any online accounts, software, or other systems, such as QuickBooks, that you use in your work. You understand that timely performance by us of the Services requires prompt responses by you to our e-mail and other communications, and to our requests for documents.

### **2.5 Accuracy of Client Information**

We rely on the accuracy of the information you provide to us. We will not independently verify the information you provide for accuracy or completeness. If you identify any material error in any information you have provided us, you will promptly notify us. If any material errors, anomalies, or indications of fraud come to our attention, we will inform you and may ask for clarification.

### **2.6 No Management Decisions**

For clarity, we have not been engaged to, and will not, provide financial advice, perform management functions, or make business decisions on your behalf, and we have no responsibility for your decisions or actions. You are responsible for making your own evaluations and decisions regarding any materials, information, and recommendations we may make in providing the Services.

## **3. Confidentiality and Records**

### **3.1 Confidential Information**

We will not use or disclose to any third party any confidential information you provided us, including, without limitation, information regarding your finances, donors, operations, employees, programs, fundraising, and patrons ("Confidential Information"), for any purpose other than carrying out our obligations under this Agreement, without first having obtained your prior written consent, except as required by law. All Confidential Information furnished by you is and will remain your property. "Confidential Information" does not include information that is generally available to the public, information already known by us before entering into this Agreement, or information we independently develop.

### **3.2 Record Retention**

We will retain our work papers, reports, and similar documents produced in providing the Services, but we have no obligation to retain any financial records you provided as described in Section 2.4. For clarity, you, not XYZ, will be responsible for retaining your financial records and for producing them in connection with any: (a) IRS audit, investigation, or dispute; (b) lender, landlord, or other due diligence review; or (c) any dispute or litigation.

## **4. Relationship**

### **4.1 Independent Contractor**

XYZ is an independent contractor. We will have sole discretion over, and sole responsibility for, the planning, method, means, sequencing, and time of our work. We will be responsible for recruiting, training, placing, managing, and compensating any employees or others we engage in carrying out the Services. The arrangements contemplated by this Agreement do not create a partnership, joint venture, employment, fiduciary, or similar relationship for any purpose. Neither of us has the power or authority to bind or obligate the other to a third party or commitment in any manner.

### **4.2 Limitation of Liability**

Neither you nor XYZ will be liable to the other for any incidental, special, consequential, exemplary, punitive, or indirect damages arising out of or otherwise related to this Agreement, even if the other party has been apprised of the likelihood of such damages. XYZ's total liability in respect of an engagement will not exceed that which you have paid or will pay to us in fees under the SOW, except that no such limitation will apply in respect of liabilities involving our gross negligence, willful misconduct, or fraud.

## **5. Termination**

### **5.1 Termination**

Either party may terminate this Agreement, or Change Order resulting from this Agreement, at any time. Such a termination will be effective 30 days after receipt of notice by the non-terminating party.

### **5.2 Effect of Termination**

Termination of the Agreement will have these consequences: (a) we will follow your reasonable instructions concerning disposition of your Confidential Information; and (b) you will pay us for our work then in progress, as invoiced by us. If payment for work then in progress is due, you will pay us within 30 days after the later of receiving our invoice or the effective date of termination. We will also cooperate in transition activities, including providing information to a successor bookkeeping service provider. Sections 1.2, 3, 4, 5.2, and 6 will survive any termination of this Agreement.

## **6. General Provisions**

### **6.1 Entire Agreement**

This Agreement, together with the SOW and any Change Orders, expresses the final, complete, and exclusive agreement between XYZ and Client, and supersedes any and all prior or contemporaneous written and oral agreements or communications between XYZ and Client relating to its subject matter. If there are any inconsistencies between any exhibit and the text of this Agreement, the text will control.

### **6.2 Amendment**

This Agreement may be amended only as stated in and by a writing signed by both XYZ and Client reciting that it is an amendment to this Agreement.

### **6.3 Severability**

If any provision in this Agreement is held invalid or unenforceable, the other provisions will remain enforceable, and the invalid or unenforceable provision will be considered modified so that it is valid and enforceable to the maximum extent permitted by law.

### **6.4 Waiver**

Any waiver under this Agreement must be in writing and signed by the party granting the waiver. Waiver of any breach or provision of this Agreement will not be considered a waiver of any other breach or of the right to enforce any provision of this Agreement.

**6.5 No Third-Party Beneficiaries**

This Agreement is for the exclusive benefit of XYZ and Client, and not for the benefit of any third party.

**6.6 Governing Law; Arbitration**

This Agreement will be governed by California law. If there is a dispute arising from this Agreement, either XYZ or Client may submit the matter for binding arbitration to [\_\_\_\_\_]. In such event, each of XYZ and Client will: (a) participate in the arbitration; (b) waive their right to have disputes adjudicated before any other tribunal or body; and (c) agree that no appeal may be taken from a decision reached in binding arbitration. Each party agrees to bear its own expenses and legal fees in connection with any such dispute.

**6.7 Counterparts**

This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which will be taken together and deemed to be one instrument. Transmission by fax or email of executed counterparts constitutes effective delivery.

\* \* \* \* \*

XYZ and Client signed this Agreement as of the date stated in its first paragraph:

**XYZ**

**[Client]**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit A: Statement of Work

### Client data and contact person

Client name	
Client address	
Client contact person	Name: Title: E-mail: Telephone:

### XYZ data and contact person

XYZ address	
XYZ contact person	Name: Title: E-mail: Telephone:
XYZ EIN	

### Services

Timeframe	
Description of Services	<p>XYZ will provide the following bookkeeping services: (select all that apply)</p> <p><input type="checkbox"/> - [General bookkeeping]</p> <p><input type="checkbox"/> - Accounts payable (weekly/monthly)</p> <p><input type="checkbox"/> - Accounts receivable and invoicing (weekly/monthly)</p> <p><input type="checkbox"/> - Reconciliation of bank accounts (monthly)</p> <p><input type="checkbox"/> - General ledger review</p> <p><input type="checkbox"/> - Recording journal entries into Client's QuickBooks account</p> <p><input type="checkbox"/> - Financial reports (monthly):</p> <ul style="list-style-type: none"> <li>• income statement</li> <li>• balance sheet</li> <li>• budget-to-actuals report</li> </ul> <p><input type="checkbox"/> - Other: _____</p>

### Compensation

Fees	<p><b>Minimum.</b> Client will pay XYZ \$____, based on a minimum commitment of ____ hours at a rate of \$[____] per hour.</p> <p><b>Additional work.</b> Client will pay XYZ \$____ per hour for additional work beyond the minimum amount.</p>
[Expense reimbursement]	[Client will reimburse XYZ for _____. Reimbursements will be included in the monthly invoices.]
Invoicing	XYZ will send monthly invoices to Client.

## Exhibit B: Change Order

<b>Change Order date</b>	
<b>Reason for and nature of change in Services</b>	
<b>Modified Services (if applicable)</b>	
<b>Modified hours or completion date (if applicable)</b>	
<b>Modified compensation terms (if applicable)</b>	

This document is a Change Order contemplated by the Bookkeeping Services Agreement, dated \_\_\_\_\_, 20\_\_\_\_, between XYZ and [Client].

Agreed and confirmed as of the date stated above in this Change Order:

**XYZ**

**[Client]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_