GOVERNMENT GRANTS/CONTRACTS **CHECKLIST**

Partner with government, proceed strategically

MINNESOTA COUNCIL OF NONPROFITS

Partnering with government to deliver services or implement priority programs can be a valuable opportunity for nonprofits to expand or advance their mission. When exploring these grant or contract opportunities, it's essential to assess your organization's capacity to meet the requirements and to fully understand the true cost of the work. This ensures the funding will adequately cover expenses and not place an undue burden on your organization. If your organization is selected for a contract or grant, celebrate the win – but then take a close look at the agreement. Use the checklist below to help you negotiate terms that are fair and realistic.

Check your agreements:

It is important that you advocate for agreements to include or address all of the below, even if only to have the agreement indicate an item is "not applicable." Remember, you are an expert in your field. It's important to protect your organization's limited financial and human resources. Your goal is to reach an agreement with the government entity that includes terms your organization can live with. A government partnership should strengthen your work, not put your organization at financial risk.

Payments

- ☐ Ensure payment or reimbursement fully covers all service and indirect costs. If not, negotiate.
- ☐ Request upfront payment (partial or full). If not possible, assess whether your organization can float late payments (30–90 days). Federal and state guidance allow upfront payments with federal funds.
- ☐ Clarify payment terms after invoice is received (30, 45, 60 days) and ensure what "received" means in the agreement (via email, date stamped by mail, etc.).
- ☐ Understand your rights around late payments – what qualifies as late, any penalties owed (e.g., 1% interest under KRS 45.454), and the process for invoicing and collecting interest.
- ☐ If late payments cause you to use a loan or line of credit to cover grant-related expenses, confirm whether interest is reimbursable and what documentation is required.
- ☐ Ensure your agreement allows and defines partial payments. This means if you invoice for 10 services and one requires additional information, the other nine can still be paid while the tenth processes.

Secure all your funding

- ▢ Confirm core operational (indirect) costs are included. Federal rules allow a 15% *de minimis* rate, or your higher negotiated rate if applicable, and if your state grant uses federal funds, the state must follow this federal rule. Don't leave this critical funding on the table.
- ▢ Ensure the agreement accounts for cost of living, inflation, and market changes, and allows for future adjustments. For renewals, negotiate rate increases before signing.

Invoicing, reporting, and processing

- ▢ Clarify the required invoice format, documentation, and submission process.
- ▢ Clearly define reporting requirements such as audits, site visits, data collection, insurance, etc. including the timeframe and processes. If using the funder's data platform, clarify grantee responsibilities, fees, and training provisions.
- ▢ Confirm the process for requesting and approving agreement modifications. All changes must be in writing, with an effective date – never verbal or informal. Don't implement changes until the modified agreement is fully executed.
- ▢ Confirm the agreement lists contact persons for modifications, invoices, late payments, etc. Understand how the state will notify your organization of any changes to the state's main contacts, especially for invoicing or payment processing.
- ▢ Verify that the agreement clearly defines any government procurement guidelines, if applicable.
- ▢ Ensure the agreement includes a clear dispute resolution process with contacts and required documentation. Understand the cancellation clause and whether the state has unilateral power to cancel the agreement.
- ▢ Ensure the agreement includes any other applicable rights or requirements covered by federal Office of Management and Budget and/or state/local law.

Delayed/late agreements:

Set regular reminders on your calendar to follow up during the agreement review and negotiation process to ensure timely execution. If delays continue, we recommend negotiating the following:

RENEWING CONTRACTS – For renewing agreements where delays in renewal cause a temporary stop in revenue – and your organization must cover costs in the meantime – we recommend negotiating a provision like a 1% interest penalty. Though payment isn't technically late, the renewal delay creates real financial strain.

NEW CONTRACTS – For new agreements, do NOT incur any costs for staffing, programs, office space, etc. until you have a signed, fully executed agreement by both parties. If there are significant delays (e.g., a two-month delay reducing your timeline to ten months), negotiate adjusting the contract length accordingly to avoid delivering 12 months of work in less time.

This checklist is designed to be a general guide. Other federal, state, and/or local laws and regulations may apply to your specific government funding source(s). This checklist is not legal advice. *Updated 1/2026*