

Florida Conference Treasurer's Seminar

Church Legal and Compliance Briefs:
Reading Contracts



What is a Contract?

A Contract is a Binding Agreement that:

- Is between two or more parties;
- Creates both rights and obligations between the parties;
- And may be enforced by a court of law.



What is a GOOD Contract?

A Good Contract is one that:

- Clearly defines the responsibilities of each party;
- Clearly defines the expectations of each party;
- And explains how decisions are made and conflicts are resolved under the agreement.



The Key Provisions of Most Contracts:

Most Contracts will address:

- The Basic Terms – Who does what.
- The Term – How long the contract lasts, how it can (or cannot) be terminated, and how it renews.
- Allocation of Risk – Who is responsible if something goes wrong?
- Insurance – What is backing up a party's responsibility? Good companies have good insurance!
- State requirements – State law requires that certain types of contracts have specific provisions.



How to Really Understand a Contract:

Read Every Paragraph:

- Make a note in the margin as to what the paragraph covers: My Duties, My Rights, Their Duties, Their Rights, The Term, Allocation of Risk, Insurance, or Other.
- The paragraph headings can help, if the contract is well written.
- Summarize on a separate document the duties, rights, term, risk, insurance, or other provision in your own words. This is how you would (and should) explain the terms of the contract for your board. This document makes an excellent cover sheet to help easily track your contracts.
- If you don't understand a word, look it up in a dictionary, but be careful with CAPITALIZED WORDS, as they generally are either specifically defined, or have special legal meanings.
- If you still have questions, reach out for help, we're here!

