

# SPV & HROC Agreement

Document Type	Inter-Entity Agreement
Status	Draft

Between Healing Roots Outreach Collective ("HROC") And Healing Roots Outreach SPV LLC ("SPV")

Effective Date: August 19, 2025

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## Purpose of Agreement

This Inter-Entity Agreement (the "Agreement") establishes the framework for collaboration, shared services, and operational coordination between Healing Roots Outreach Collective, a Washington nonprofit public benefit corporation and 501(c)(3) charity, and Healing Roots Outreach SPV LLC, a Washington State limited liability company wholly owned by HROC.

The purpose of this Agreement is to:

- Define the relationship between HROC and SPV
- Establish shared service arrangements
- Clarify roles and responsibilities
- Ensure compliance with applicable laws and regulations
- Promote efficient and effective operations

## Scope of Services

### Services Provided by SPV to HROC

The SPV shall provide the following services to HROC:

- Grant administration and management
- Financial management and accounting services

- Administrative support services
- Program implementation and coordination
- Contract management and vendor relations
- Compliance monitoring and reporting
- Technology and systems support
- Human resources support (as needed)

## **Services Provided by HROC to SPV**

HROC shall provide the following services to SPV:

- Strategic direction and governance oversight
- Mission alignment and programmatic guidance
- Board oversight and fiduciary responsibility
- Brand and reputation management
- Stakeholder relations and community engagement
- Legal and compliance guidance
- Insurance and risk management coordination

## **Shared Resources**

Both entities may share the following resources:

- Office space and facilities (as applicable)
- Technology systems and infrastructure
- Administrative staff and expertise
- Professional services and consultants
- Insurance coverage and risk management
- Compliance and audit support

## **Term & Compensation**

## Term

This Agreement shall commence on August 19, 2025, and shall continue for an initial term of three (3) years, unless terminated earlier in accordance with Section 8. The Agreement shall automatically renew for successive one-year terms unless either party provides written notice of non-renewal at least 90 days prior to the end of the current term.

## Compensation Structure

- **Service Fees:** SPV shall charge HROC reasonable fees for services provided, based on actual costs plus a reasonable administrative overhead rate not to exceed 15% of direct costs.
- **Shared Costs:** Costs for shared resources shall be allocated based on actual usage or a mutually agreed-upon allocation methodology.
- **Grant Administration:** SPV shall receive compensation for grant administration services as determined by the specific grant terms and conditions.
- **Reasonable Compensation:** All compensation shall be reasonable and consistent with market rates for similar services.

## Payment Terms

- Invoices shall be submitted monthly
- Payment shall be due within 30 days of invoice receipt
- Late payments shall accrue interest at the rate of 1% per month
- Disputed amounts shall be resolved through good faith negotiation

## Invoicing & Payment

All financial transactions between entities must comply with HROC's Financial Controls Policy requiring dual signatures for amounts >\$500 and proper segregation of duties

## Invoicing Procedures

- SPV shall provide detailed monthly invoices to HROC

- Invoices shall include itemized costs and supporting documentation
- Time tracking and cost allocation shall be maintained
- Invoices shall be submitted by the 5th day of each month

## **Payment Processing**

- HROC shall process payments within 30 days of invoice receipt
- Electronic payment methods are preferred
- Payment confirmations shall be provided to SPV
- Dispute resolution procedures shall be followed for contested amounts

## **Financial Reporting**

- Monthly financial statements shall be provided to HROC
- Quarterly budget vs. actual reports shall be prepared
- Annual financial statements shall be audited or reviewed
- Grant-specific financial reports shall be prepared as required

## **Reporting**

### **Operational Reports**

SPV shall provide the following reports to HROC:

- Monthly operational status reports
- Quarterly performance metrics
- Annual strategic plan updates
- Grant progress and impact reports
- Compliance and risk management updates

### **Financial Reports**

SPV shall provide the following financial reports:

- Monthly financial statements

- Quarterly budget vs. actual reports
- Annual audited financial statements
- Grant-specific financial reports
- Cash flow projections and analysis

## **Board Reporting**

SPV shall provide regular reports to the HROC Board of Directors:

- Quarterly board reports
- Annual strategic plan presentations
- Significant issues or risks (immediate notification)
- Performance metrics and outcomes

## **Insurance & Indemnification**

### **Insurance Requirements**

Both entities shall maintain appropriate insurance coverage:

- General liability insurance
- Professional liability insurance
- Directors and officers liability insurance
- Workers' compensation insurance (as applicable)
- Property insurance (as applicable)

### **Indemnification**

- Each party shall indemnify the other for losses arising from its own negligence or misconduct
- Indemnification shall not apply to intentional misconduct or gross negligence
- Insurance coverage shall be primary for covered claims
- Indemnification obligations shall survive termination of this Agreement

## **Risk Management**

- Both parties shall implement appropriate risk management practices
- Regular risk assessments shall be conducted
- Risk mitigation strategies shall be developed and implemented
- Insurance coverage shall be reviewed annually

## **Asset Transfer Upon Termination**

### **Asset Ownership**

- Assets purchased with grant funds shall be transferred to HROC upon termination
- Assets purchased with SPV funds shall be distributed according to ownership interests
- Intellectual property developed jointly shall be shared appropriately
- Records and documentation shall be transferred to HROC

### **Transition Planning**

- A transition plan shall be developed upon termination notice
- Key personnel and knowledge transfer shall be addressed
- Client and stakeholder communications shall be coordinated
- Financial obligations shall be settled appropriately

### **Continuity of Services**

- Critical services shall continue during transition period
- Client relationships shall be maintained appropriately
- Regulatory compliance shall be ensured during transition
- Confidentiality obligations shall continue post-termination

## **Termination & Notice**

## **Termination for Convenience**

Either party may terminate this Agreement with 90 days written notice to the other party.

## **Termination for Cause**

This Agreement may be terminated immediately for cause, including:

- Material breach of this Agreement
- Failure to perform essential obligations
- Violation of applicable laws or regulations
- Insolvency or bankruptcy of either party
- Loss of tax-exempt status (for HROC)

## **Termination Procedures**

Upon termination:

- A transition plan shall be developed within 30 days
- Outstanding obligations shall be settled
- Assets and records shall be transferred appropriately
- Confidentiality obligations shall continue
- Final reports and accounting shall be completed

## **Amendment Clause**

### **Amendment Process**

This Agreement may be amended only by written agreement of both parties.

### **Amendment Requirements**

Amendments shall:

- Be in writing and signed by both parties
- Specify the effective date of the amendment

- Maintain compliance with applicable laws
- Preserve the fundamental purpose of the Agreement

## **Notice of Amendments**

Amendments shall be communicated to:

- Board of Directors of both entities
- Key personnel and stakeholders
- Regulatory authorities (as required)
- Insurance providers (as applicable)

## **Washington Governing Law**

### **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

### **Jurisdiction**

Any disputes arising under this Agreement shall be resolved in the courts of King County, Washington.

### **Compliance with Laws**

Both parties shall comply with all applicable federal, state, and local laws and regulations, including:

- Washington State nonprofit corporation laws (RCW 24.03A)
- Washington State LLC laws
- Federal tax laws and regulations
- Employment and labor laws
- Data protection and privacy laws
- Beneficial Ownership Information (BOI) reporting requirements

# **Miscellaneous Provisions**

## **Entire Agreement**

This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof.

## **Severability**

If any provision of this Agreement is held to be invalid, the remaining provisions shall continue in full force and effect.

## **Waiver**

No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party waiving such provision.

## **Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original.

## **Notices**

All notices shall be in writing and delivered to the addresses set forth below or such other addresses as the parties may designate.

## **Signatures**

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first written above.

<b>HEALING ROOTS OUTREACH COLLECTIVE</b>	
Jonathan Mallinger, Chair & Secretary	Date: August 19, 2025

<b>HEALING ROOTS OUTREACH SPV LLC</b>	
Jonathan Mallinger, Manager	Date: August 19, 2025

# Acknowledgment

We, the undersigned, hereby acknowledge that we have read and understand this Inter-Entity Agreement and agree to be bound by its terms and conditions.

<b>HROC Board Approval:</b>	
Jonathan Mallinger, Chair	Date: August 19, 2025
[Board Member Name], Board Member	Date: August 19, 2025
[Board Member Name], Board Member	Date: August 19, 2025

<b>SPV Manager:</b>	
Jonathan Mallinger, Manager	Date: August 19, 2025



UBI Number: 605 944 010

Mission: Peer-led, Indigenous-informed mobile harm reduction services

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