



**CalPolyPomona**

**Philanthropic  
Foundation**

## **POLICIES AND PROCEDURES**

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**Subject: Joint Venture Policy**

**Policy No. 706**

**Date: 07/2019**

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### **PURPOSE**

Procedures for the Foundation to comply with the Joint Venture Policy.

### **BACKGROUND**

Generally, a joint venture is considered an undertaking for business purposes by two or more organizations. These arrangements usually have: (1) an express or implied agreement; (2) a common purpose that the joint venture intends to carry out; (3) shared responsibilities and risk.

This policy is designed to include arrangements that fit in this definition as well as those that are similar in nature or effect as detailed in the policy section below

### **POLICY**

This policy applies to all joint ventures or similar arrangements (“venture or arrangement”). For this policy, the terms mean any joint ownership or contractual arrangement, either express or implied, through which there is an agreement to jointly undertake a specific business enterprise, investment, or activity.

The following transactions and relationships are specifically excluded from this Joint Venture Policy:

1. Investments in publicly traded securities, mutual funds, insurance company annuities or life insurance products, or bank savings accounts.
2. Contributions of business and investment interests (corporate stock, LLC interests, life

insurance, etc.), where this Foundation is protected from liability, and has no required additional investments or carrying costs.

## **REPORTS TO THE BOARD**

All joint ventures or arrangements must be approved by the Board of Directors.

## **IMPLEMENTING GUIDELINES**

All ventures and arrangements must meet all the following requirements. The Board may add requirements for specific ventures at its discretion.

1. The purpose for involvement in the venture must be described to the Board in detail, including all associated uses of resources whether directly part of the venture, or not, and the projected financial impact to the organization. The venture must comport with the mission of the Foundation. Participation of the Foundation in such venture must not constitute a violation of rules or requirements applicable to the Foundation under the California Education Code, Title V of the California Code of Regulations, or other governing rules or regulations, nor may it jeopardize the Foundation's tax exempt status.
2. A written agreement must be created with other parties associated in the venture. The agreement shall include the following elements:
  - a. The agreement will provide sufficient control to ensure that it furthers the tax-exempt purpose of the Foundation.
  - b. The venture or arrangement will give priority to the tax-exempt purposes of the arrangement over maximizing profits for the other participant(s).
  - c. The venture or arrangement shall not engage in activities that would jeopardize the organization's exemption from taxation (such as political intervention or substantial lobbying).
  - d. All contracts entered into with the Foundation shall be on terms that are arm's length or more favorable to the Foundation.
  - e. All accounting practices, budget requirements, and fiscal responsibilities shall be in accordance with Foundation policies and procedures.

The Chief Executive Officer is authorized to establish written management guidelines consistent with and in implementation of this policy statement