



# Boston VA Research Institute, Inc.

Date 12/12/2008

Governance

POLICY NO.08 2

## TITLE OF POLICY:

JOINT VENTURE POLICY

## 1.0 PURPOSE:

This Joint Venture Policy of the Boston VA Research Institute, Inc. applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

This policy also requires that the organization evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the Organization's exempt status with respect to such arrangements.

## 2.0 SCOPE:

This policy applies to the BVARI Board of Directors, the CEO, and the Director of Finance.

## 3.0 POLICY:

The Organization will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization's exempt status is protected; and (b) take steps to safeguard the Organization's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

- (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
- (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
- (iii) that the venture or arrangement not engage in activities that would jeopardize the Organization's exemption; and
- (iv) that all contracts entered into with the organization be on terms that are arm's length or more favorable to the Organization.

## 4.0 DEFINITIONS:

4.1 Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the Organization controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture's or arrangement's income for its tax year ending within the Organization's tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and
- (b) the primary purpose of the Organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

## 5.0 RESPONSIBILITIES:

5.1 BVARI Board of Directors: The BVARI Board of Directors is responsible for the overall policy, planning and coordination of all BVARI activities within the VA Boston Healthcare System.

5.2 CEO: The BVARI CEO is responsible for developing, administering and coordinating a business process that provides optimal internal controls for BVARI.

5.3 Department Director: BVARI's Department Director is responsible for ensuring that the BVARI employees follow the policies defined in the policy.

## 6.0 PROCEDURES:

## 7.0 RELATED DOCUMENTS:

## 8.0 REVISION HISTORY:

Revision Letter	Author	Revision Date	Description of Changes
A	Nancy Watterson-Diorio	12/12/2008	Original Document

### Governance

POLICY NO.08 2  
Transmittal Sheet

Date

### REASON FOR ISSUE:

### SUMMARY OF CHANGES:

### RELATED DOCUMENTS:

### RESPONSIBLE OFFICER:

Director of Finance

### RESCISSION:

RECERTIFICATION: This policy is scheduled for recertification on or before the last working day of January, 2011.

Nancy Watterson-Diorio

Chief Executive Officer

DISTRIBUTION

Board of Directors, Date \_\_\_\_\_

FLD: Sharepoint Server \_\_\_\_\_, E-mailed \_\_\_\_\_ to:

BVARI Staff, Stakeholders