



Administrative Policy

Title: Joint Ventures with AIASB
Adopted: January 21, 2016
Adopted by: Board of Directors
Responsibility: Executive Board

Abstract

The AIASB is committed to taking the action necessary in its business arrangements with for-profit entities so that such arrangements are consistent with Section 501(c)(6) of the Internal Revenue Code and do not jeopardize the AIASB's tax exempt status. The AIASB will guard against arrangements that might be inconsistent with or overwhelm the university's mission or nonprofit purposes.

Purpose

The purpose of this policy is to clarify when the AIASB will enter into business arrangements with for-profit entities, and to make clear that any such relationships require review and approval by the Executive Committee.

Policy Statement

The AIASB is committed to taking the action necessary in its business arrangements with for-profit entities so that such arrangements are consistent with Section 501(c)(6) of the Internal Revenue Code and do not jeopardize the AIASB's tax exempt status. The AIASB will guard against arrangements that might be inconsistent with or overwhelm the university's mission or nonprofit purposes. The Executive Committee will review transactions with for-profit entities that are in the nature of joint ventures, investments, and similar arrangements in which the parties have, as one of the objectives, the sharing of risk and reward. The Executive Committee will apply appropriate procedures based on the type of joint venture being considered.

Arrangements entered into for passive investment purposes, and contracts for the provision of goods or services made pursuant to the AIASB's normal procurement processes are not covered by this policy or related review procedures. The procedures shall require that these transactions be entered into only after the evaluation of potential conflicts of interest and the confirmation that negotiated terms are equal to or better than what could be achieved on an arm's length basis (taking into account mission-related benefits). The procedures shall also require a determination of whether the purpose of the arrangement is to further the AIASB's mission; engage in an unrelated trade or business (through a pass-through entity such as a partnership, joint venture or limited liability company); or generate investment income and shall require that appropriate provisions be adopted to protect the AIASB based on the purpose of each transaction.