



**Joint Venture # 1530.032**

<b>INITIAL EFFECTIVE DATE:</b>	<b>LAST REVISION DATE:</b>	<b>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT</b>
March 16, 2011	April 16, 2021	FIU Foundation, Inc.

**POLICY STATEMENT**

The Foundation will evaluate its participation in joint venture business arrangements on a case-by-case basis under applicable federal tax laws and take the necessary precautions to safeguard the Foundation’s tax-exempt status. This policy applies to any joint ownership or contractual arrangement undertaken for a specific business enterprise, investment, or exempt-purpose activity.

**SCOPE**

The policy outlines the legal structures that will be used to establish a joint venture, partnership, limited liability, or other arrangement when entering a business agreement between FIU Foundation and outside entities.

**REASON FOR POLICY**

There are several legal structures that may be used to establish a joint venture, such as a partnership, limited liability company (LLC), or other arrangement. These arrangements may be formed with a taxable or exempt entity; however, it is important to analyze on a case-by-case basis if the venture furthers the Foundation’s exempt purpose or not and if it is a substantial or insubstantial part of the Foundation’s exempt activities. These factors, as well as the degree of control maintained by the Foundation over the venture, should be scrutinized by the organization so as to avoid jeopardizing its exempt status through participation in the joint venture.

<b>DEFINITIONS</b>	
<b>TERM</b>	<b>DEFINITIONS</b>
Joint venture arrangement	For the purposes of this policy, a joint venture or similar 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 foundation



	<p>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:</p> <ul style="list-style-type: none"> <li>a) 95% or more of the venture’s or arrangement’s income for its tax year ending within the foundation’s tax year is excluded from UBIT under Internal Revenue Code Section 512(b)(1)-(5), (includes (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</li> <li>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.</li> </ul>
Substantial	For the purposes of this policy, an activity or arrangement is substantial if it can jeopardize the tax-exempt status of an organization.

**ROLES AND RESPONSIBILITIES**

N/A

**RELATED RESOURCES**

IRS Rev. Rul. 98-15 indicates that control by a university over the operational and organizational structure of a venture is crucial in the evaluation of these types of transactions.

**CONTACTS**

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### HISTORY

**Initial Effective Date:** March 16, 2011

**Review Dates** (*review performed, no updates*): January 10, 2024

**Revision Dates** (*updates made to document*): April 16, 2021