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Part VI Q.16
Monitoring of Investments

ABC Sample Nonprofit organization has identified the following joint venture activities with taxable entities(persons):

Note: Ventures that can be excluded are those that 95% of the income is derived from interest, dividends, royalties or capital gains:

Name of entity:
Names of other partners/collaborators
Yearend:
Type of entity:
Tax form filed:

ABC Sample Nonprofit organization shall ensure that the activities of the joint venture are consistent with the exempt purpose of the organization. This is accomplished by the organization annually monitoring the activities of the joint venture either through audit or other means (inquiry/observation) of the financial records and programmatic activities. The results of the monitoring shall be reported by management to the Board of Directors within 90 days after the end of the fiscal year.

Requirements/policies

1) The joint venture partners are hereby notified that all terms of any operating agreement favor that tax exempt status of the organization.

2) The joint venture managers are contractually required to prioritize the organizations exempt purpose over profits of the joint venture.

3) Transactions between the joint venture and the organization shall be at arms length or favorable terms to the organization.

4) The joint venture shall not enter into any transactions that shall endanger the tax exemption of the organization.