



WHEREAS, the Ohio Water Environment Association (OWEA) is a 501(c)(3) Organization and a Member Association (MA) of the Water Environment Federation (WEF); and

WHEREAS, the IRS has imposed reporting requirements outlined in Section 990 for nonprofit organizations that OWEA must follow, and

WHEREAS, one requirement associated with Section 990 is the development of a Joint Venture Policy.

THEREFORE, OWEA adopts the following Joint Venture Policy.

POLICY

This Joint Venture Policy of the Ohio Water Environment Association (OWEA) requires that the OWEA evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the OWEA exempt status with respect to such arrangements. It 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.

- A. **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 OWEA 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 OWEA 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 OWEA contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.
- B. **Safeguards to ensure exempt status protection.** The OWEA will: (1) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the OWEA exempt status is protected; and (2) take steps to safeguard the OWEA exempt status with respect to the venture or arrangement. Some examples of safeguards include:



- (a) Control over the venture or arrangement sufficient to ensure that it furthers the exempt status of OWEA
- (b) Requires that the venture or arrangement give priority to exempt purposes over maximizing profits for the other participants;
- (c) The venture or arrangement shall not engage in activities that jeopardizes the exemption status of OWEA, and
- (d) All contracts entered into with the OWEA be on terms that are “arm’s length” or deemed to be more favorable to OWEA.