

**Purpose and Need**

The joint venture policy of the Coalition for Sonoran Desert Protection (“CSDP”) requires that CSDP evaluate its participation in joint venture arrangements under federal tax law and take steps to safeguard the organization’s exempt status with respect to those arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to undertake jointly a specific business enterprise, investment or exempt-purpose activity.

**Joint ventures or similar arrangements with taxable entities**

For purposes of this policy, a joint venture (“venture”) means any joint ownership or contractual arrangement through which there is an agreement to undertake jointly a specific business enterprise, investment or exempt-purpose activity without regard to: (a) whether the organization controls the venture; (b) the legal structure of the venture; or (c) whether the venture is taxable as a partnership or an association or a corporation for federal income tax purposes. A venture shall be deemed to conform to this policy if it meets both of the following conditions:

1. 95 percent or more of the venture’s income for its tax year ending within CSDP’s tax year is excluded from unrelated business income taxation described in Internal Revenue Code sections 512(b)(1)-(5) (including unrelated debt-financed income), and
2. The primary purpose of CSDP’s contribution to or investment or participation in the venture is not the production of income or appreciation of property.

**Safeguards to ensure exempt status protection**

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

1. Control over the venture sufficient to ensure that it furthers the exempt purpose of CSDP;
2. Requirements that the venture gives priority to exempt purposes over maximizing profits for the other participants;
3. The venture is not engaging in activities that would jeopardize CSDP’s exempt status; and
4. Safeguards that all contracts entered into with the taxable entity be on terms that are at arm’s length or more favorable to CSDP.