Project
Management
Institute.
Los Angeles

2025 Joint Ventures Policy

For Board of Directors & Trustees

Approved & Adopted by 2025 Board: January 21, 2025

Purpose: To provide guidelines to how the board and governance members of shall behave with respect to joint ventures with other organizations.

Joint Ventures Policy

This document defines the policy of the PMI Los Angeles Chapter (PMI-LA) for entering into arrangements with other organizations (nonprofit or for-profit) for mutual financial benefit.

This policy requires that a member of the Board of Directors (functional owner) evaluate the potential participation by PMI-LA in a joint venture arrangement of any kind before any agreement with a third party is consummated to ensure that the new arrangement would be in full compliance with federal and applicable state law and will not jeopardize PMI-LA's 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 any 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 means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake an exempt-purpose activity without regard to: (1) whether the other organization controls the arrangement; (2) the legal structure of the arrangement; or (3) whether the arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. Any arrangement is disregarded if it meets both of the following conditions:

    a) Other organization is unable to provide W9 information for reporting on income above Federal limits
    b) The primary purpose of the other organization is investment income or appreciation of property or assets.

B. **Safeguards to ensure exempt status protection**. PMI-LA will: (a) negotiate in its transactions and arrangements with other members of the arrangement such terms and safeguards adequate to ensure that PMI-LA's exempt status is protected; and (b) take steps to safeguard PMI Los Angeles Chapter's exempt status with respect to the arrangement. Some examples of safeguards include:

    (1) Control over the arrangement sufficient to ensure that it furthers the exempt purpose of the organization (e.g., PMI-LA collects income thru website registration)
    (2) Requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants; (e.g., if arrangement is designed to sell advertising, then that is not an exempt manner for us to make money and should be discouraged. Sponsorships can be booked against chapter income as it is event related and can be maximized in Programs or Career Development opportunities)

(3) That the venture or arrangement does not engage in activities that would jeopardize the organization's exemption; and (e.g., any activities that make money that are not related to educational opportunities.)

(4) That all contracts entered into with the organization be on terms that limit the Chapter losses to a reasonable amount, and should be reviewed by the functional VP, the President/Past-President, or President-Elect, and the VP of Finance.