

POLICY

Series: Board Governance **COA: GOV 7**
CFOP:

Policy Name: Separate Legal Entities
Policy Number: GOV211
Review Date: 9/20/2021
Revision Date: 7/25/2019, 02/10/2020, 9/23/2021
Effective Date: 3/23/2017

Applicable to: Brevard Family Partnership Board of Directors (BFP BOD) and Brevard Family Partnership Family of Agencies (BFP FOA) Staff

SUBJECT: Separate Legal Entities

PURPOSE: The purpose of this procedure is to address the preparation for a new legal entity as well as the relationship between the BFP BOD and any subsidiaries of Brevard Family Partnership (BFP).

POLICY:

References:

Definitions

Forming a subsidiary:

The BFP BOD properly plans for, oversees, and monitors the activities of separate legal entities established on its behalf in accordance with applicable law and regulation.

Prior to forming a for-profit or a not-for-profit subsidiary, the BFP BOD:

- a. conducts a feasibility study which includes, but is not limited to, a cost-benefit analysis and an assessment of the legal implications involved;
- b. creates a business plan and, as appropriate, revises its strategic plan highlighting the purpose of the subsidiary and how the relationship fits into BFP's goals;
- c. determines whether the proposed venture has sufficient capital, resources, and marketability to ensure success;
- d. and adopts a policy regarding the acquisition, use, and distribution of subsidiary revenue consistent with all applicable legal, regulatory, contractual, and funding obligations.

BFP, the parent organization:

- a. exercises legally permissible oversight of any entity that raises or holds funds or assets on its behalf;
- b. has a written agreement that clearly describes the relationship between the organization's governing body and the separate legal entity;
- c. clearly articulates the corporate structure, the roles, relationships, and responsibilities of all parties; and
- d. ensures completion of the above through consultations with attorneys, analyzing whether sufficient capital and resources exist, and determining marketability. The BFP BOD also reviews how the subsidiary connects to the overall goal and strategic plan of BFP. Some of the factors may include determining the purpose of the new entity, the target population to be served and the benefit to the clients served by BFP FOA.

Leadership of the parent organization has regular and ongoing communication with the leadership of its subsidiary or subsidiaries. At least annually, the governing body of the parent organization reviews its relationship to its subsidiary or subsidiaries to determine whether the relationship(s) continue to serve the best interests of both the parent organization and its external stakeholders, including persons and families served.

Once the BFP BOD approves the creation of a new subsidiary, the Board reviews and approves Articles of Incorporation and Bylaws for the new entity and appoints a BFP Board member or designee to serve as the new entity Board Chair. The BFP BOD also approves the founding Board members required to submit the Bylaws and Articles.

All agreements between BFP and any subsidiaries of BFP are conducted through formal contracts for services and service agreements, when appropriate.

Interface of subsidiaries with the Brevard Family Partnership Board:

The Board of Directors for each subsidiary will nominate any prospective candidate for the subsidiary's Board of Directors. The Executive of the subsidiary will then present any approved nominated candidate to the BFP BOD for approval. Once approved, the Board Chair of the subsidiary will (by way of letter) inform successful candidates of their election and thank other applicants who were not selected for their interest.

Additionally, a representative from each subsidiary provides quarterly reports regarding the activities of the subsidiary to the BFP BOD. The BFP BOD will review the activities of each subsidiary at least annually to ensure the activities are consistent with the established purpose of the subsidiary and distribution of subsidiary revenue is consistent with all applicable regulatory and contractual obligations.

Approved by the Brevard Family Partnership Board of Directors on September 23, 2021.

AS APPROVED BY THE BOARD OF DIRECTORS:



BARBARA J. LOFTUS
Board Chair

Signature Date: 10/6/2021

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



PHILIP J. SCARPELLI
Chief Executive Officer

Signature Date: 10/6/2021