



DALHOUSIE UNIVERSITY
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<i>POLICY AND PROCEDURES</i>	
<i>Subject:</i> Establishment of New Legal Entities	<i>Date Issued:</i> February 2000
<i>Title:</i> Guidelines for the Establishment of New Legal Entities	<i>Date Revised:</i>
<i>Issued by:</i> Dr. T. Traves, President	<i>Approved by:</i> Board of Governors

Definition This policy deals with entities which have a legal existence separate from the University but are owned/controlled, either in whole or in part, by Dalhousie.

1. **Policy**
Only the Board of Governors has the authority to approve the establishment of a new entity, or the restructuring of an existing entity, affiliated with or related to Dalhousie University. No Faculty, Department or other Unit of the University, without Board approval, may own, control or operate such an entity.

2. **Justification for Request**
A proposal should provide justification for the creation of the entity and the University's involvement, including both financial and non-financial reasons, as well as a clear statement about what need the proposed entity will be meeting, how this need is compatible with Dalhousie University's goals and objectives, and why the need cannot be met within existing structures.

Even if there is no direct financial or administrative commitment by the University, involvement with a new entity exposes the University's reputation and may attract legal liabilities for the institution. As a result, it is necessary to evaluate the potential exposure, and compare this to the justification for involvement. Proposals should clearly address the justification for involvement in light of the costs of initial and ongoing involvement by the University.

3. **Type of Entity Proposed**
The proposal must include precise information on the type of entity being proposed (i.e. type of corporation, trust, society, partnership, etc.).

4. **Description of Proposed Entity**
This is the most important area. Detailed information on the concept and the objectives of the new entity should be provided. An analysis of the environment and the competition, including similar services provided by other entities would be useful.

5. Proposed Ownership Structure and Governance

The proposed ownership of the new entity should be described in this section. Information on other owners, partners, shareholders, or persons having a financial or contractual relationship with the new entity (if any) should be provided, including a description of their involvement and, if appropriate, a description of their business, their incorporation documents and bylaws and their most recent financial statements.

The proposal should address the vision for ownership and governance of the new entity in the next five to ten year period.

6. Relationship with the University

Information must be provided on how the proposed entity will interact with the University. Any services to be provided by one party to the other should be defined. A clear statement is required on what administrative support services and/or what facilities the entity expects the University to provide, and over what period of time. Administration will be responsible for quantifying the cost of these services for the proposal. If it is expected that these services and/or facilities will be subsidized by the University operating budget, this expectation must be included in the proposal, and a justification provided.

Administrative support services include, for example, payroll and staffing services, purchasing services, accounting and administration, computer services, telephone services and legal services. Facilities include, without limitation, office and laboratory space and equipment.

Any direct investment or payment of third-party costs required from the University should be included in this section.

7. Financial Viability

While a business plan would be useful, it is understood that such a detailed document might not be prepared at the point when approval is being sought for the establishment of the entity.

However, sufficient financial information must be included in a one-year operating statement to address the issue of financial viability and self-sufficiency.

Most proposals will be predicated on some assumptions, both financial and relational. Any assumptions about financing (terms and conditions of any loans, mortgages and/or forgivable loans, including repayment terms, security, guarantees) or research commitments/contracts should be made explicit in terms of both amounts and time frame.

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In the operating plan, the following must be addressed:

- a) Source of funds (Note – a description of any commitments to provide these funds must be included).
- b) Legal costs of incorporation, registration of business name, etc.
- c) Description of employees required (number, qualifications, experience), and cost of establishing a payroll system and benefit plan.
- d) Capital requirements (land, building, equipment).
- e) Regulatory costs including annual audit, income tax returns, annual meeting costs, filing of GST returns and employee remittances to Revenue Canada.
- f) Financial and administrative costs.
- g) Liability insurance arrangements and identification of unusual risks.
- h) Proposed banking arrangements.
- i) Any use of Dalhousie's name, logo, trademark, etc.

8. Approval Process

Documentation of approvals/endorsements must be included (including the appropriate Dean and Vice-President) in the proposal.

The proposal should be submitted to the Vice-President Finance and Administration for evaluation. If the proposal satisfies the requirements of this Policy, it will then be referred to the President and the Board of Governors for consideration and approval.

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