



EXAMPLE: AFFILIATION AGREEMENT PARENT and SUBSIDIARY

The document is an example of an Affiliation Agreement that is signed by both parties when establishing a parent subsidiary relationship. The agreements included in this document are typical of the issues that arise in these discussions. Note the phase in of stronger powers for the parent as the relationship ages. This shift occurs after two years. Prior to the year mark, the subsidiary may disaffiliate without the consent of the parent.

AFFILIATION AGREEMENT PARENT and SUBSIDIARY

This AFFILIATION AGREEMENT is dated as of April 24, 2009 (the "Effective Date") by and between Parent, a Rhode Island nonprofit corporation ("Parent") and Subsidiary, a Rhode Island nonprofit corporation ("Subsidiary")(Subsidiary and Parent are jointly referred to herein as the "Parties").

WHEREAS, Parent is a non-sectarian charitable organization providing services in the state of RI; and

WHEREAS, Subsidiary is a community based nonprofit agency providing other kinds of services in RI:

WHEREAS, the Parties share a similar value system in the commitment to the provision of high quality care;

WHEREAS, the Parties have fostered and developed a mutually beneficial, informal collaborative relationship for several years;

WHEREAS, the Parties now believe that their mutual goals can be more effectively achieved through a more formal affiliation;

WHEREAS, the Parties, acting through their respective management and Boards, have determined that the best means to accomplish this strategic affiliation, is for Subsidiary to become a subsidiary member of Parent, subject to the terms and conditions set forth herein (the "Affiliation");

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which