

**Joint Venture Policy
of
Military Veterans Resource Center**

IRS Form 990 requests information on whether the organization is participating in a joint venture and, if so, has it adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law and taken steps to safeguard the organization's tax-exempt status with respect to such an arrangement

- A. **Joint ventures or similar arrangements with taxable entities.** For purposes of this policy, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to:
- a. whether the Organization controls the venture or arrangement;
 - b. the legal structure of the venture or arrangement; or
 - c. whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes.

A venture or arrangement is disregarded if it meets both of the following conditions:

- a. 95% or more of the venture's or arrangement's income for its tax year ending within the Organization's tax year is excluded from unrelated business income taxation [including but not limited to: (1) dividends, interest, and annuities; (2) royalties; (3) rent from real property and incidental related personal property except to the extent of debt-financing; and (4) gains or losses from the sale of property]; and
- b. the primary purpose of the Organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

- B. **Safeguards to ensure exempt status protection.** The Organization will:
- a. negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization's exempt status is protected; and
 - b. take steps to safeguard the Organization's exempt status with respect to the venture or arrangement. Some examples of safeguards include:
 1. control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
 2. requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
 3. that the venture or arrangement not engage in activities that would jeopardize the Organization's exemption; and
 4. that all contracts entered into with the organization be on terms that are arm's length or more favorable to the Organization.

Approved: September 4, 2014