



## **Joint Venture Policy**

*Updated July 2023*

This policy of the Virginia War Memorial Foundation (VWMF) requires that the VWMF evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard its tax-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 a specific business enterprise, investment, or exempt-purpose activity.

Safeguards to ensure exempt status protection: The VWMF will negotiate in its transactions and arrangements with other members of the venture such terms and safeguards adequate to ensure that the VWMF's exempt status is protected. Some examples of safeguards include:

- Provisions that the VWMF has sufficient control over the Joint Venture to ensure that the Venture furthers the tax-exempt purposes of the VWMF;
- Requirements that the Venture or arrangement gives priority to exempt purposes over maximizing profits for the participants;
- Assurance that the Joint Venture does not directly or indirectly engage in any activities that would jeopardize the VWMF's exemption (such as political intervention or substantial lobbying);
- Provisions that the VWMF receives ownership interests in the Joint Venture that are proportional and equal in value to the ownership interests to be received by the other Joint Venture participants;
- Requirements that any debt of the Joint Venture not be guaranteed by the VWMF in a manner that could cause the VWMF to be responsible for more than its proportional share;
- Requirements that sufficient operating control be implemented by the Joint Venture to assure all contracts and transactions involving the VWMF and the Joint Venture are on an "arms-length" basis (or more favorable to the VWMF), and
- Agreement that in the case of accident or negligence proven to have arisen from VWMF action, the VWMF shall be liable only to the extent of the financial interest of the VWMF in the venture.