



DEPARTMENT OF THE NAVY  
UNITED STATES NAVAL ACADEMY  
121 BLAKE ROAD  
ANNAPOLIS MARYLAND 21402-1300

USNAINST 4001.5  
4/DepFinance  
AUG 05 2008

USNA INSTRUCTION 4001.5

From: Superintendent

Subj: ACCEPTANCE OF GIFTS FOR THE U. S. NAVAL ACADEMY GIFT AND MUSEUM FUND

Ref: (a) SECNAVINST 4001.2H  
(b) OPNAVINST 4001.1E  
(c) DOD 5500.7-R, Joint Ethics Regulations  
(d) SECNAV ltr of 8 Feb 99  
(e) SECNAV ltr of 11 Jun 97  
(f) SECNAVINST 5340.2D

Encl: (1) Gift Offer/Acceptance for Gifts Valued at \$60,000 or Less (USNA NNB 4001/23 (04/2008))

1. Purpose. To provide guidance on the acceptance of gifts to the U. S. Naval Academy (USNA).

2. Background. USNA has authority to accept gifts per Title 10 U. S. Code Sections 6973, 6974 and 6975. The United States Naval Academy Gift and Museum Fund is the title of the fund authorized to accept gifts for the benefit of the Naval Academy.

a. Title 10, U. S. Code 6973. In 1944 the 78<sup>th</sup> Congress enacted Public Law 274, which created the Naval Academy General Gift Fund. Establishment of the General Gift fund allowed the Navy to accept gifts and bequests of money for benefit of the USNA excluding the USNA Museum. In 2000 the 106<sup>th</sup> Congress enacted Public Law 398 to consolidate the Naval Academy General Gift fund and the Naval Academy Museum Fund under section 6973 of Title 10.

b. Title 10, U. S. Code 6974. In 1938 the 75<sup>th</sup> Congress enacted Public Law 450, which authorized the Superintendent, USNA to accept gifts and bequests of money to be used to construct the USNA Museum. The desire to construct the USNA Museum provided the impetus for Congressional approval of the Naval Academy's Museum Program. In addition, the Act authorized the Secretary of the Navy (SECNAV) to accept gifts or bequests of money for benefit of the Museum. In 2000 the 106<sup>th</sup> Congress enacted Public Law 398 to consolidate the Naval Academy General Gift Fund and the Naval Academy Museum Fund under section 6973 of Title 10.

c. Title 10, U. S. Code 6975. In 1999 the 106<sup>th</sup> Congress enacted Public Law 65 which authorizes the SECNAV to accept from a donor a qualified guarantee for the completion of a major project for the benefit of the Naval Academy. The major project entails a project for the purchase or other procurement of real or personal property, or for the construction, renovation, or repair of real or personal property, the total cost of which must be estimated to cost at least \$1,000,000.

3. Policy

a. Reference (a) provides guidance on acceptance of gifts to the Department of the Navy (DON). Reference (b) delegates the Chief of Naval Operations' (CNO) gift acceptance authority to various officials.

b. Unless authorized by the SECNAV, USNA personnel shall not solicit or initiate requests for gifts or contributions for USNA. The USNA shall not accept gifts initiated contrary to this policy. Further, as provided in reference (c), the DON prohibits naval personnel from soliciting gratuities from prohibited

sources for themselves or their spouses, minor children, or members of their household. Such activity may result in disciplinary action. Prohibited sources are any person who: is seeking official action by DON; does business or seeks to do business with DON; conducts activities regulated by DON; has interests that may be substantially affected by the performance or nonperformance of a DON employee's official duties; or is an organization, a majority of whose members were just described. The DON shall deem no person or organization a prohibited source for the purpose of this instruction solely because of the offer of a gift, or where the stated purpose of the organization includes the provision of financial support to DON, its components, or DON personnel.

c. DON policy prohibits personnel from participating in their official position or the appearance of using their official position in fundraising activities not recognized for on-the-job solicitation with the Federal Service. When in doubt, consult with an Ethics Counselor. Policy also governs participation by personnel in activities to raise funds for future presentation to the USNA, or for the purchase of real or personal property for future presentation to the USNA. The prohibition applies to official participation during duty or non-duty hours, but does not preclude participation in fundraising activities as a private citizen during non-duty hours.

d. Prior to accepting a gift on behalf of the Naval Academy, contact should be made with the Deputy for Finance or Comptroller Department to coordinate the offer and acceptance.

e. The Naval Academy Foundation and Alumni Association supports private fundraising on behalf of the Naval Academy and its mission, as well as to service and support the Naval Academy Alumni.

f. For the purpose of Federal income, estate and gift taxes, gifts accepted under Title 10, U. S. Code 6973 are considered to be gifts or bequests to the United States. While written notification of acceptance of a gift constitutes receipt by the USNA, the USNA will not render any opinions of value on a specific gift that a donor has offered. It is the responsibility of the donor to consult private tax experts for specific advice concerning tax implications of gift giving.

g. Per reference (a), SECNAV requires an Annual Report of gifts accepted.

4. Acceptance Authority. Authority to accept or reject a gift offered to the DON rests with the Secretary of the Navy and designees assigned herein per references (a), (b), (d), and (e). Authority to accept a gift offer depends upon the value and kind of property offered as outlined below:

a. Secretary of the Navy

(1) SECNAV is authorized to accept all gifts of real property and other gifts of a value in excess of \$60,000.

(2) SECNAV is authorized to accept from a donor or donors a qualified guarantee for the completion of a major project for the benefit of the Naval Academy by Title 10 U. S. Code Section 6975. The amount of a qualified guarantee accepted under this section shall be considered as contract authority to provide obligation authority for purposes of Federal fiscal and contractual requirements. A major project is defined as a project for the purchase or other procurement of real or personal property, or for the construction, renovation, or repair of real or personal property, for a total cost of at least \$1,000,000.

b. Superintendent. The Superintendent may accept gifts other than real property valued at \$60,000 or less offered to any institution or organization reporting to the Superintendent.

c. Deputy for Finance. The Deputy for Finance is authorized to accept gifts other than real property valued at \$5,000 or less.

d. Library and Museum Directors. The Library and Museum directors are authorized to accept gifts other than real property valued at \$2,500 or less for their respective departments.

5. Acceptance Criteria

a. Policy. The SECNAV's policy is to decline any gift that would not be in the best interest of the DON. Acceptance authorities may reject offered gifts under the following circumstances:

- (1) If acceptance would not be in the best interest of the USNA.
- (2) If acceptance creates the appearance or expectation of favorable consideration as a result of the gift.
- (3) If acceptance of a gift from a commercial enterprise, non-profit organization or other entity, except for those charitable fundraising organizations recognized by reference (f), would appear to be an endorsement of the donor, its product or its services.
- (4) If acceptance would raise a serious question of impropriety in light of the donor's present or prospective business relationships with the USNA.
- (5) If acceptance involves the expenditure or use of funds in excess of amounts appropriated by Congress.
- (6) If acceptance requires substantial expenditures or administrative efforts and maintenance are disproportionate to any benefit.

b. Offer of Future Gifts. Applicable gift acceptance statutes do not provide authority to accept a gift before the gift is actually available for transfer to the USNA. The DON, however, may accept offers of future gifts (e.g., pledges to raise money, or offers to purchase real or personal property for delivery to USNA) under the following two-step procedure:

(1) Acknowledgement. When a donor makes a pledge or offer of a future gift, whether a one-time gift or a gift made in several installments, the total cumulative amount of the future gift determines the appropriate acceptance authority. The acceptance authority shall determine whether the DON is likely to accept the gift under the criteria of this instruction when the actual donation occurs. If the DON is likely to accept the gift, the acceptance will likely occur after actual presentation of the gift, portion, or installment to the USNA.

(2) Acceptance. When the donor presents the gift, portion or installment to the USNA, the value of the gift presented on that occasion determines the proper acceptance authority for that gift, portion or installment. The acceptance authority will determine whether to accept the gift, or that portion or installment thereof, applying the acceptance criteria and utilizing the procedures set forth in this instruction. Activities may request a one-time delegation of authority to accept a gift, portion or installment of gifts in amounts greater than their acceptance authority for gifts previously acknowledged in step one.

c. Gifts from Prohibited Sources. Acceptance of gifts from prohibited sources requires heightened sensitivity because acceptance may create embarrassment to the DON or the appearance of influencing official decision-making or actions of the DON. Before accepting a gift of more than \$5,000 from a prohibited source, contact the Comptroller Department who will request the advice of legal counsel to determine whether the donor is involved in any claims, procurement actions, litigation, or other matters involving the DON that might cause the acceptance authority to decline an offered gift.

d. Gifts from Foundations and Similar Entities. While foundations and other non-profit organizations may provide valuable support to the DON, they should not be used as conduits to make indirect gifts that DON gift acceptance policies would not permit if offered directly to the DON.

e. Gifts of Copyrighted or Patented Items. The USNA should evaluate gift offers of copyrighted or patented items with the same degree of scrutiny with which all other gift offers are evaluated. If the donor owns the patent or copyright, the USNA should accept the gift only if the donor also grants a royalty-free license commensurate with the USNA's intended use of the gift, or assigns the copyright or patent to the United States.

AUG 05 2008

f. Gifts of Donated Property. The projected maintenance/upkeep costs associated with each gift must be fully identified and considered before acceptance. When the donated property is accepted for use by the Naval Academy, appropriated funds, civil service, and military personnel may be used for the maintenance of donated property. If there is reasonable expectation of future sale of the donated property, appropriated funds will not be used to substantially improve the property. If improvements are necessary to bring the property up to required safety standards, then appropriated funds may be used to a greater extent. Appropriated funds will not be used to maintain donated property if it is known at the time of acceptance that the property will be sold immediately after acceptance by the Navy.

#### 4. Acceptance Processing

a. Prospective donors should be advised to submit gift offers in writing explicitly specifying any conditions associated with gift acceptance. Checks should be made payable to the U. S. Naval Academy Gift and Museum Fund.

b. For gifts valued at \$60,000 or less, provide gift offer and any supporting documentation, i.e., appraisal, pictures, etc. and forward to the Gift Fund Officer, Comptroller Department for review of acceptance or non-acceptance. If acceptance is recommended, enclosure (1) will be forwarded to the appropriate acceptance authority for signature.

c. For gifts valued over \$60,000, provide gift offer and any supporting documentation, i.e., appraisal, pictures, etc. to the Gift Fund Officer, Comptroller Department. The gift offer will be reviewed by the Comptroller, Deputy for Finance and legal counsel and forwarded to the Superintendent with recommendation regarding acceptance or non-acceptance. If acceptance is approved, the Superintendent will forward a request to the SECNAV recommending acceptance. Pending acceptance of monetary gifts, funds will be deposited in the Navy suspense account.

#### 5. Action

a. General. Process gift offers per guidelines stated in this instruction. For gifts valued at \$60,000 or less, complete enclosure (1) and provide to Gift Fund Officer, Comptroller Department. For gifts valued higher than \$60,000, contact the Comptroller's office.

b. Comptroller. Process gift offers, maintain a listing of all accepted gifts, prepare enclosure (1) and/or formal letter of acceptance, submit an annual report to SECNAV, and add gift to Minor Property inventory as applicable.

c. Deputy for Finance. Process gift offers valued at \$5,000 or less. Review gift offers valued over \$5,000 and provide recommendation of acceptance to Superintendent. Forward gift offers valued over \$60,000 to SECNAV for approval.

d. Library and Museum Directors. Process gift offers valued at \$2,500 or less specifically for the Library or Museum. The respective directors will complete enclosure (1) and forward to the Gift Fund Officer, Comptroller Department.

/S/

J. L. FOWLER

Distribution:  
All Non-Mids (electronically)

# GIFT OFFER/ACCEPTANCE FOR GIFTS VALUED AT \$60,000 OR LESS

**Privacy Act Statement –**

**Authority:** 10 U.S.C. 5013, Secretary of the Navy

**Principal Purpose:** To maintain a record of gifts accepted under 10 U.S.C. 6973.

**Routine Use:** Used by the U.S. Naval Academy to accept a gift offer valued at \$60,000 or less.

**Type of Gift/Value:**

- Cash: \$ \_\_\_\_\_
- Gift-in-Kind: \$ \_\_\_\_\_
- Other: \$ \_\_\_\_\_

(Provide documentation for valuation purposes)

**Date of Gift Offer:** \_\_\_\_\_

**Donor (Name/Address):** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Description:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Donor Intent/Purpose:** (Provide documentation to substantiate donor's intent)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Location of Donation:** \_\_\_\_\_

**USNA Point of Contact:** (Name, Department, and Phone Number) \_\_\_\_\_  
\_\_\_\_\_

**Title 10 United States Code Section 6973 provides authority for tax deduction.**

**Acceptance:**

\_\_\_\_\_  
J. Scott Harmon (Museum ≤ \$2,500)  
Director, Museum

\_\_\_\_\_  
Richard H. Werking (Library ≤ \$2,500)  
Director, Nimitz Library

\_\_\_\_\_  
R. C. Parsons (≤ \$5,000)  
Deputy for Finance

\_\_\_\_\_  
J. L. Fowler, Vice Admiral, USN (≤ \$60,000)  
Superintendent

Reply letter to Donor: Yes No Prepare Signature Block For: \_\_\_\_\_

Return this form to Comptroller for Processing. Serial Number Assignment: \_\_\_\_\_