

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

**VIRGINIA VETERANS SERVICES FOUNDATION
VIRGINIA DEPARTMENT OF VETERANS SERVICES**

**Veterans Services – Control of In-Kind Donations
Policy and Procedures**

J12.1 Purpose and Background

- A. The Virginia Veterans Services Fund (the Fund) is administered by the Virginia Veterans Services Foundation (VSF) and identified by the Commonwealth Comptroller as a special non-reverting trust fund. The Fund was established to account for monetary donations. In-kind gifts or contributions of goods, services, or other non-negotiable property of whatever nature are subject to accountability.
- B. In accordance with the Code of Virginia, the Foundation is the only veteran’s related state agency authorized to accept in-kind donations. The use of some types of in-kind donations (e.g., computers) may be restricted by the Code. Additionally, certain donations that may incur continuing costs to maintain or store and certain types of real property to include real estate are subject to approval by the Governor in accordance with the current edition of the Virginia Appropriations Act.
- C. In-kind donations have value; therefore, the Foundation, the Department of Veterans Services (DVS), and the DVS programs shall receive, record, manage, and account for in-kind donations as required by the State Comptroller. This will ensure that an accurate and complete record of donations - whether financial or in-kind - is maintained and accountability established.
- D. An in-kind donation is one where goods, services, property or something of value is offered for free or at less than the usual and normal charge, or payments by a third party for goods and services. This type of contribution does not include financial donations – i.e. cash, checks, promissory notes, or negotiable securities.
- E. In-kind goods include, but are not limited to food, equipment, furniture, supplies, computer software and hardware, and office space. Types of in-kind services donations include, but are not limited to, voluntary contributions of advertising materials, printing, entertainment, catering, lodging, and transportation. Promotion materials and governmental inter and intra agency transfers of materials are not in-kind donations. Uncompensated professional services contributed are in-kind donations, but uncompensated volunteer labor is not. For additional information on in-kind contributions, see applicable U.S. Internal Revenue Service Publications and Instructions.
- F. The value of an in-kind donation is set by the donor, not by the Foundation or DVS. In-kind donations may be tax-deductible under state and federal law. Since it is the donor who will be claiming the tax deduction for the in-kind donation, it is imperative that the donor determine its value. An exception to this exists when a donor contributes a bank card or gift card. Other such gifts such as theater tickets may be comparable. They are considered cash contributions except that they are not recorded as income to Commonwealth accounts; therefore, they are recorded as in-kind contributions.

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

- G. In-kind donations are recorded and tracked only within VSF internal procedures and are not entered into CARDINAL.

J12.2 References

- A. This policy is made in accordance with the Code of Virginia § 2.2-2718, other related Code sections, the current edition of the Appropriations Act, and the VSF Bylaws.
- B. This policy amplifies the information contained in VSF-DVS Joint Policy Number 11 (Fundraising).

J12.3 Application

The VSF Executive Director, with the assistance of the DVS CFO, is responsible for the application of this policy.

J12.4 Interpretation

The Chairman of the VSF Board of Trustees (VSF Chair), with the assistance of the DVS Commissioner, is responsible for the interpretation of this policy.

J12.5 In-kind Donation Policy

- A. It is the policy of VSF, in coordination with DVS, to oversee and ensure that in-kind goods and services contributed to VSF are received, recorded, and managed. At the discretion of the Foundation, in-kind donations may be passed on to other state agencies or to non-profit organizations for use by veterans and their families. Due to limited capacity, the Foundation will not accept: (1) tangible goods for resale; (2) tangible goods that have no further service life; (3) tangible goods that are to be discarded; (4) any goods that have debt attached to them; and (5) any goods without clear proof of ownership from the donor. Questionable items will be subject to a decision by the Foundation Executive Director or, in his absence, the DVS Chief Financial Officer (CFO).
- B. As an exception, DVS programs may, at their discretion, accept in-kind donations for which they have no valid use as a public outreach gesture. They may dispose of said donations as befits the nature of the gift. However, any gains realized from such disposals must be recorded as donations to the Foundation.
- C. It is the policy of VSF and DVS that no monetary value will be indicated on thank-you letters or receipts for in-kind goods and services.
- D. If the in-kind donation is a cash value bank or gift card, its value will be noted and an appropriate thank-you letter indicating the value will be sent.

J12.6 In-kind Donation Receipt Authorization

- A. VSF Trustees, the VSF Executive Director, and designated DVS employees may accept an in-kind donation on behalf of the Foundation after first considering these procedures. The DVS Commissioner shall designate the DVS employees who may accept in-kind donations on behalf of the Foundation, subject to the approval of the Foundation Executive Director.
- B. Designated DVS employees also may accept in-kind donations to the Foundation on behalf of the DVS program that they are authorized to represent.

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

J12.7 Special Procedures for Accepting Tangible Property

Tangible property is considered to be any item that is not consumable in the near term. Tangible property includes durable goods that have a life expectancy of three to five years. Trustees or DVS employees accepting an in-kind donation of tangible property should take the following steps:

- A. Consider the cost of ownership of the item being donated. This will include the cost of installation, useful life, cost of maintenance, and cost of disposition. If acceptance of the tangible property will place an unacceptable financial burden on VSF or DVS, then the donation should be politely declined. For example, an aquarium and its contents have a fixed procurement price, but the annual maintenance may exceed the cost of honoring the intent of the donation. In such cases, an assessment must be made, in conjunction with the donor, regarding disposition of the donation. If there is a question about whether or not such donation would constitute an unacceptable financial burden to DVS, then the *DVS* Commissioner and VSF Executive Director should be consulted before acceptance of the donation. The VSF Executive-Director on behalf of the VSF Chair is authorized to decide on questionable donations before they are accepted.
- B. Refer gifts of tangible property, such as real estate, that may place a financial burden on the Commonwealth for maintenance to the Department of General Services for approval by the Governor in accordance with Part 4 of the Appropriations Act, section 4-2.01.a.
- C. If the anticipated donation will not create a financial burden, then the Trustee or DVS employee should, if appropriate, obtain and record the type of good or service contributed, proof of ownership, a written statement from the contributor of its monetary value (actual cost or fair market value), and date of receipt from the donor.

J12.8 Special Procedures for Accepting Consumable Goods or Services

Consumable goods are those that will be consumed in the near-term such as food or clothing. Trustees or DVS employees accepting an in-kind donation of a consumable good or service on behalf of the Foundation should take the following steps:

- A. Consider whether there is a valid need for the consumable good or service.
- B. Consider whether the contribution is bona fide.
- C. If there is a question on whether the good or service is needed or bona fide, it will be referred to the VSF Executive Director or, in his absence, the DVS CFO, before it is accepted.
- D. Obtain and record the type of good or service contributed, proof of ownership, a written statement from the contributor of its monetary value (actual cost or fair market value), and date of receipt from the donor.

J12.9 Procedures for Accepting In-Kind Contributions

After completing the initial procedures for either tangible property or consumable goods and services, complete the following procedures.

- A. Thank the donor for his generous gift and give the donor their personal business card.

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

- B. Complete an In-Kind Donation Receipt (see Appendix A). Retain one copy for VSF/DVS records, one for local records, and give one copy to the donor.
- C. Forward the VSF/DVS copy of the receipt to:

Virginia Veterans Services Foundation
 Executive Director
 101 North 14th Street, 17th Floor
 Richmond, Virginia 23219

J12.10 Recording In-Kind Donations

Upon receipt of an in-kind donation, the VSF Executive Director or his/her designee shall pass it to the DVS CFO who shall take appropriate action to ensure that:

- A. The donation is recorded on a Foundation spreadsheet in a form acceptable for audit purposes and includes the donor’s estimated value of the goods or service (see section J12.8).
- B. The donor’s name, organization, and address, the recorded value of the donation and the intended purpose of the donation is expeditiously reported to the VSF Executive Director or the DVS Commissioner’s Office, so that a thank-you letter may be prepared.
- C. If required by value and remaining life (by the State Comptroller), record donated assets in the State Fixed Accounting and Control System.
- D. The VSF Executive Director or the DVS Commissioner or his designated representative shall send a thank-you letter to the donor within 20 working days of the donation. VSF, DVS, and DVS programs are encouraged to personalize thank-you letters and ensure that the same person does not receive the same form letter more than once. Should DVS activities (i.e., care centers and cemeteries) prepare thank-you letters, a copy will be retained and made available at the request of the VSF Executive-Director or the DVS CFO.

J12.11 Managing and Expending In-Kind Donations

In-kind donations shall be managed and expended as follows:

- A. In-kind donations of a tangible nature shall be placed on the property accounts of the receiving program if they meet the capitalization standards established by the Commonwealth Comptroller. Donations that are less than the established capitalization thresholds only shall be recorded on spreadsheets noted in *Paragraph J12.10*, above. However, certain durable goods (e.g., computers) may be subject to additional controls. If a tangible donation is passed on to a needy care center resident, the details also will be so noted on the previously referred to spreadsheet.
- B. In-kind donations of a non-tangible nature are generally consumable goods or pro-bono professional services, and shall be considered expended when received.
- C. If a DVS program accepts in-kind donations for which it finds that it does not have a need, the program will notify other DVS programs to determine if the item(s) can be used and will transfer said items as appropriate.

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

- D. Should an in-kind donation not be needed by any DVS program, the item may be provided to another state agency through the Department of General Services, to a veterans service organization, or to other non-profit organization that supports veterans and their families. Should this occur, a record will be made of the item’s disposition and neither shall the monetary value of the in-kind contribution be recorded nor shall the item be entered on a property account.
- E. The DVS CFO report to the Trustees on a quarterly basis the status of all in-kind donations.

J12.12 Adoption and Amendment

This policy may be adopted and amended by a majority vote of the VSF Board of Trustees after consultation with the DVS Commissioner. Notice regarding such actions shall be given to the Commissioner and all board/council members at least ten (10) days prior to the vote being taken. Biennial review of this policy is the responsibility of the VSF Finance Committee.

On adoption, this policy supersedes VSF-DVS Joint Policy 5 of August 6, 2008 and revised on August 6, 2014.

J12.13 Policy Review Date

The Policy Review Date is the date the policy is reviewed without revisions made. Reviewed: December 8, 2022.

J12.14 Policy Effective Date

The effective date of the policy, or policy revision, shall be the date the VSF Trustees and the DVS Commissioner ratify the policy. Revised:

June 24, 2020

VSF-DVS Joint Inter-agency Policy	Veterans Service Fund – In-Kind Donations	Effective: June 24, 2020
VSF-DVS Policy Number 12		Reviewed: 12.08.2022

VIRGINIA VETERANS SERVICES FOUNDATION

Appendix A

Acknowledgement of In-Kind Donation Receipt

It is the policy of the Veterans Services Foundation that in-kind donations may be passed on to other state agencies or non-profit veterans support organizations, providing the donation will be used for veterans and their families.

<i>Date</i>

The Veterans Services Foundation is a state activity that is Tax exempt under Section 2.2-2719, Code of Virginia and Section 170 (c), Internal Revenue Code. The Foundation did not provide any goods or services in return for the donation(s).

<i>Donation(s) (Use additional sheets, as required.)</i>
--

Foundation/Program/Activity Representative

Title **Date**

Contributor / Representative