

**Procedures and Policies Committee Meeting
Veterans Services Foundation Board
Electronic Meeting
July 27, 2021
10:00AM**

A meeting of the Veterans Services Foundation Board of Trustees Policy and Procedure Committee Meeting was held on Tuesday, July 27, 2021 via Zoom.

POLICY AND PROCEDURE COMMITTEE MEMBERS PRESENT

- Jack Lanier (*Committee Chair*)
- Bruce Waxman
- Philip Jones, *joined at 10:12AM*
- John D. Lesinski (*VSF Chair*)

VSF STAFF PRESENT

- Karla Williams Boughey (*VSF Executive Director*)
- James McCue (*VSF Operations Manager*)

DVS REPRESENTATIVES PRESENT

- Jordan Stewart (*DVS Staff*)

GUESTS PRESENT

- None

Materials Distributed and Attached

- Meeting Agenda (*Attachment 1*)
- Proposed Draft Goals & Objectives (*Attachment 2*)
- Proposed Draft VSF Policy F2.13 Sections D-F (*Attachment 3*)
- Proposed Draft VSF Quarterly Schedule (*Attachment 4*)
- VSF-DVS Policy J14 (*Attachment 5*)
- VSF Policy F2 (*Attachment 5*)
- FY21 Final Biennial Schedule (*Attachment 6*)

Opening Remarks

Committee Chair, Dr. Lanier welcomed everyone and called the meeting to order at 10:00 a.m. A roll call vote was taken and a quorum was determined.

Approval of Agenda Minutes from March 8, 2021

Mr. Bruce Waxman moved to approve the draft meeting minutes from the March 8, 2021 Committee Meeting and Agenda. Board Chair Lesinski seconded the motion. The draft meeting minutes and meeting agenda were approved.

Unfinished Business

- A. **Review of VSF- DVS MOU/Rider:** Committee Chair Lanier state the MOU/Rider is not yet ready for consideration. n and VSF staff is still working with DVS to get it ready for consideration. Mr. Bruce
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Waxman asked if there was an issue with the content of the MOU/Rider, Chair Lesinski gave a brief overview of the history of the MOU/Rider. Executive Director Boughey stated that she is awaiting response from DVS. Chair Lesinski noted this is an annual activity and was dealt with in September 2020 so VSF staff is currently on track.

- B. Review FY22 Goals & Objectives (Attachment 2):** Committee Chair Lanier stated the changes are standard and includes changing the FY to FY22-23. Chair Lanier also stated that his goal is to reduce the amount of work that goes into continually reviewing the policies so that the focus may be on the mission of the Foundation.
- C. Review change to Policy F2.13 D-F (Attachment 3) and Policy J14(Attachment 5):** Chair Lanier noted the language is identical in each policy. Board Chair Lesinski asked if there were any questions on the language and if Executive Director Boughey had any further details. Chair Lanier noted the changes were to make both policies aligned. Executive Director Boughey gave a brief history on each policy and how they are anticipated to be implemented in the future. Mr. Waxman noted the improvement in clarity of the language.
- D. Review change to biennial schedule (Attachment 4):** Chair Lanier explained the proposed draft combines the odd and even FY schedule into one schedule. Executive Director Boughey noted the importance of this document during the planning process of each Committee Meeting and full Board Meeting. These changes should simplify the process and increase efficiency.
- E. Review change to working documents:** Chair Lanier stated that there are four policies that are being considered for removal from the policies to now be considered working documents. Those documents include the Biennial Schedule, MOU/Rider, Goals and Objectives, and the Strategic Plan. This would increase administrative efficiency. Mr. Waxman asked if this eliminated appendices from the policies, Executive Director Boughey clarified only the four previously mentioned documents would be removed from appendices and newly categorized as working documents.
- F. Update on Strategic Plan:** Chair Lanier suggested a member of the committee assist staff in developing the Strategic Plan. Mr. Jones agreed to assist staff with the Strategic Plan. Executive Director Boughey proposed involving a member of the Development Committee in the assistance of developing the Strategic Plan.
- G. Other Unfinished Business:** None

New Business

Committee Chair Jack Lanier asked if the Committee would like to approve the new business en bloc. The bloc includes new business items B-D. Mr. Bruce Waxman moved to approve the new business en bloc. Mr. Philip Jones seconded the motion. New Business items B-D was approved en bloc.

- A. Approval of MOU/Rider:** Not needed at this time
- B. Recommend Approval of changes to Goals and Objectives:**
- C. Recommend Approval of changes to VSF Policy F2.13 and J14:**
- D. Recommend Approval of change to the biennial schedule:**
- E. Other New Business:** None

Public Comment

Chair Lanier asked if there were any public comments. There were none.

Adjournment

A final roll call was taken. Mr. Bruce Waxman moved to adjourn the meeting. Mr. Jones seconded the motion. The meeting adjourned at 10:59am.

**Veterans Services Foundation Board of Trustees
Procedures and Policy Committee**

Electronic Meeting

July 27, 2021

10:00AM

1. Welcome and Roll Call: *Jack Lanier, Committee Chair*
2. Approval of Agenda: *Committee Chair*
3. Approval of March 8, 2021 Draft Meeting Minutes: *Committee Chair*
4. UNFINISHED BUSINESS:
 - a. Review of the VSF-DVS MOU/Rider:
 - b. Review FY22 Goals and Objectives
 - c. Review change to Policy F2.13
 - d. Review change to biennial schedule
 - e. Review change to working documents
 - f. Update on Strategic Plan
 - g. Other Unfinished Business
5. NEW BUSINESS:
 - a. Recommend approval of the VSF-DVS MOU/Rider
 - b. Recommend approval of the FY22 Goals and Objectives to the Board
 - c. Recommend approval of change to Policy F2.13
 - d. Recommend approval of change to biennial schedule
 - e. Other New Business: *Committee Chair*
6. Public Comment
7. Adjournment

VIRGINIA VETERANS SERVICES FOUNDATION

Goals and Objectives for ~~FY2019-2020~~ FY2022-FY2023

VSF Board of Trustees Responsibilities

~~A. **Goal:** Build an organizational structure to provide additional VSF staff support needed, beyond the single full-time staff person currently involved, which would support the components of efficient and effective performance.~~

~~**Objective(s):** Support the Board Secretary and Treasurer and their resources and, in conjunction with DVS, develop other staff requirements for DVS and VSF to support mission accomplishment.~~

~~**Strategic Goal(s):** Veterans Services Fund Stability, Internal Processes, Results~~

~~B. **A. Goal:** Support DVS implementation of the performance budgeting process.~~

~~**Objective(s):** Work with DVS staff to develop a performance budgeting system that: (1) focuses on results and accomplishments; (2) is a simple approach once expectations and measurements are defined; and (3) promotes equitable allocation of resources to those institutions that meet performance criteria. The end product should ensure “better” choices are made and review how well the respective choice was implemented and the respective funds were used.~~

~~**Strategic Goals:** Performance Budgeting, Community Building, Customer/Donor Satisfaction, Veterans’ Satisfaction with VSF, and Customer/Donor Retention, Results.~~

~~C. **B. Goal:** Initiate and implement a VSF consumer relations management system also known as a pipeline system to improve revenue streams.~~

~~**Objective(s):** Assist VSF to stay connected to customers, streamline processes, and improve revenue.~~

~~**Strategic Goals:** Fund Growth and Stability, Community Building, Customer and Veterans’ Satisfaction, Market Growth, Customer/Donor Retention, Internal Processes, Results.~~

VSF Development Committee Responsibilities:

A. **Goal:** Organize seeking, promoting, and stimulating contributions for the Fund to initiate funding for the unmet needs of DVS programs giving high priority to fundraising for improving the services to veterans in Virginia.

Objective(s): Maintain an agenda of unmet funding needs. Determine what elements of fundraising program will best assist VVFS including Homeless Veterans, V3 employment and transition, Care Centers, Cemeteries, and Benefits. Maintain an agenda of fundraising events, corporate outreach and individual contribution plans, a capability to respond to ad hoc opportunities, and coordination with DVS staff.

Strategic Goals: Community Building, Market Growth.

B. **Goal:** Build partnerships with VSOs, corporations, and individuals by creating methods of getting commitments for other potential supporters/donors to contribute and be recognized for their support.

Objective(s): Establish targeted sponsored activities to which sponsors can attach their identification (name or logo/brand) to build a core of annual activities that will sustain sponsors who can identify with veterans' sacrifices. In each instance, the activity should be able to be budgeted and that budget becomes the benchmark to attract funds. Establish rewards within the supported programs and for individual and organizational donors to attract additional funds.

Strategic Goals: Community Building, Market Growth, Customer/Donor Retention.

- C. **Goal:** Enhance the image of VSF through imaging/branding of its fundraising programs as a conduit for addressing unmet veterans' needs among stakeholders and the community at large.

Objective(s): Coordinate through DVS communications office on communications efforts. Coordinate with VVFS communications program. Maintain and refine the VSF web site. Develop additional forms of donor recognition and identify donors. Develop specific recognition programs that give donors a sense of pride and ownership. Be clear on relationships with all stakeholders, including DVS staff.

Strategic Goals: Community Building, Customer/Donor Satisfaction, Veterans Satisfaction, Customer/Donor Retention.

VSF Finance Committee Responsibilities:

- A. **Goal:** Continue to refine and develop financial reports so they adhere to requisite accounting practices and procedures, define available revenue and needs for expenditures in order to determine cash flow requirements.

Objective(s): Produce financial reports that can be easily understood by Trustees, DVS staff, donors, potential donors, and other stakeholders and ensure they are disseminated to the stakeholders. Ensure statements are backed up with sufficient information on revenues and expenses, both for transparency and budget planning.

Strategic Goals: Customer/Donor Satisfaction, Veterans Satisfaction, Customer/Donor Retention, Internal Processes.

- B. **Goal:** Develop and implement a plan for effective use, growth and maintenance of a sustainable Fund endowment.

Objective(s): Maintain an endowment level that will support operational and contingency needs from revenues.

Strategic Goals: Veterans Services Fund Maintenance, Fund Stability, Internal Processes.

- C. **Goal:** Continue to ensure Fund integrity.

Objective(s): Allocate fundraising income and expenses to insure a maximum percentage of revenues go to support veterans and their families. Produce quarterly and annual public reports that characterize the use of funds by VSF.

Strategic Goals: Customer/Donor Satisfaction, Veterans Satisfaction, Customer/Donor Retention, Internal Processes.

D. **Goal:** Assist DVS program managers in developing realistic budgets for use of VSF funds.

Objective(s): Participate, as requested by program managers, in annual and more frequently, if needed, FY budget development and interim reviews.

Strategic Goals: Performance Budgeting, Fund Stability, Internal Processes.

E. **Goal:** Provide quarterly briefings on VSF finances that provide a better understanding of the issues involved to interested stakeholders.

Objective(s): Work with the DVS staff, at least quarterly, to ensure the Board of Trustees, DVS staff, and other stakeholders remain current on Foundation finances.

Strategic Goals: Customer/Donor Satisfaction, Veterans Satisfaction, Customer/Donor Retention.

F. **Goal:** Monitor data developed by DVS managers for uses of VSF funds in a manner that assures public accountability and supports fundraising efforts on a quarterly basis.

Objective(s): Work with DVS staff continuously to monitor effectiveness of services provided using VSF contributed funds.

Strategic Goals: Performance Budgeting, Customer/Donor Satisfaction, Veterans Satisfaction, Internal.

VSF Procedures and Policy Committee Responsibilities:

A. **Goal:** Continually review the VSF charter in the Code of Virginia and ensure that it supports the validity and integrity of the VSF board of trustees and the VSF organizational goals and objectives in support of the Commonwealth's veterans and their families in partnership with DVS.

Objective(s): Ensure the VSF trustees' bylaws and the DVS-VSF Memorandum of Understanding promotes the VSF mission and cooperative functioning of both VSF and DVS.

Strategic Goals: Internal Processes, Results.

B. **Goal:** Conduct long, mid, and short-range planning to maintain VSF focus on its mission, goals, objectives, and actions to effectively accomplish assigned tasks.

Objective(s): Maintain the: (1) VSF Strategic Plan; (2) subsidiary plans along with the VSF annual goals and objectives of the board and its committees in coordination with those committees; (3) the trustees' biennial schedule; and (4) respond to other requirements placed upon it.

Strategic Goals: Internal Processes, Results.

C. **Goal:** In conjunction with the trustees' committees, clarify existing VSF Policies and VSF-DVS Joint Policies on at least a biennial basis or more often, if needed, and institute other policies as needed for the effective administration of the Fund by VSF and DVS.

Objective(s): Ensure the at least a biennial review of (1) VSF policies pertaining to internal operations and agency relationships and VSF-DVS Joint Policies relating to fundraising, administration of donor funds, and allocations and expenditures of donor funds meet the requirements for which they were established.

Strategic Goals: Customer/Donor Satisfaction, Veterans Satisfaction, Internal Processes, Results.

F2.13 The Veterans Services Fund

- C. The Fund operating structure shall allow for: (1) separate current revenue and ~~non-current funds~~ fund balances for annual operations as set forth in the Appropriations Act; (2) reserves; (3) specific funds for stand-alone projects; and (4) endowments primarily to provide funding for veterans programs and services. The Fund accounting structure consists of subsidiary primary program accounts and sub-funds sub-accounts. Subsidiary funds Primary programs accounts are the primary subordinate funds of within the Veterans Services Fund and pertain to the funds fund balances of each of DVS principal programs and both the VSF Unrestricted Revenue Fund and the VSF Support Fund. ~~Sub-funds or sub-accounts exist within subsidiary funds and are financial accounts that support the activities/services of DVS programs and the VSF Unrestricted Revenue Fund.~~ Details of the fund operating and accounting structure are contained in VSF-DVS Joint Policy 4.
- D. Allocation of funds the annual approved budget for ~~DVS program~~ subsidiary funds primary program accounts and sub-accounts from the Fund may only be authorized by the majority vote of trustees present at a meeting in which there is a quorum.
- E. ~~Sub-fund~~ Adjustments to sub-accounts adjustments of in amounts less than \$10,000 or less ~~within subsidiary accounts~~ in the approved annual VSF budget may be made by the VSF Executive Director in accordance with funding levels established by the current ~~edition of the Appropriations Act and~~ the Department of Planning and Budget. ~~to these funding levels.~~ Amounts above greater than \$10,000 shall be referred to the VSF Finance Committee Chair and the Board Chair for action as set forth in section J2.13.D.

Any changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.

- F. ~~Reallocation of sub-fund amounts of \$10,000 or more shall be forwarded to the Board Chair for action as follows. Depending on the circumstances, the Board Chair may consider it or refer it to the VSF Finance Committee Chair. Alternatively, the Board Chair could refer it to a meeting of the Executive Committee or defer it until the next board meeting. In any case, all changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.~~

Reallocation of primary program accounts in the amount \$10,000 or less in the approved annual VSF budget may be made by the VSF Executive Director in accordance with funding established by the current Appropriations Act and the Department of Planning and Budget. Amounts greater than \$10,000 shall be referred to the VSF Finance Committee Chair and the Board Chair for action as set forth in section J2.13.D. Any changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.

JULY 1

Board Officers assume duties

FIRST QUARTER (September)

Approve 4th Quarter prior FY Financial Statement

Board Chair nominates Committee Chairs, Assistant Chairs

Approve nominated Committee Chairs, Assistant Chairs

Approve proposed meeting dates

Even FY Only: Approve biennial FY Budget Proposal for General and Non-general Fund **allocations**

Allocations must be submitted to the Secretary in August

Odd FY Only: Approve next FY General and Non-general Funding Budget **adjustments**

Adjustments must be submitted to the Secretary in August

If needed, approve legislative initiatives

If needed, consider and approve VSF Policies, By-laws and working documents revisions

If needed, Chair nominates Committee members and Board approves

SECOND QUARTER (December)

Approve 1st Quarter current FY Financial Statement

Receive APA audit report

If needed, consider and approve current FY budget adjustments

If needed, consider and approve current FY Non-general Fund budget adjustments

If needed, consider and approve VSF Policies, By-laws and working documents revisions

JANUARY

The General Assembly convenes in annual regular session on the second Wednesday of January.

DURING MID-MARCH

Request Budget Adjustments for current FY due mid-April

Request Budget input/adjustments for next FY due mid-April

THIRD QUARTER (March)

Approve 2nd Quarter current FY Financial Statement

Elect a nominating committee

If needed, consider and approve current FY budget adjustments, if any

If needed, consider and approve VSF Policies, By-laws and working documents revisions

APRIL

Nominating Committee posts a call for candidates for next FY Chair, First Vice Chair and Second Vice Chair

Odd FY: Request from DVS next biennial NG fund budget requirements

FOURTH QUARTER (June)

Approve 3rd Quarter current FY Financial Statement

Consider next Biennial Budget starting in next odd numbered FY

Even FY only: Consider current biennial FY Budget adjustments (As will be required for the coming odd year GA Session)

Elect officers for next FY

If needed, consider and approve budget adjustments

If needed, consider and approve VSF Policies, By-laws and working documents revisions

VSF-DVS Joint Inter-agency Policy	DVS Subsidiary Fund Management	Effective: July 1, 2020
VSF-DVS Policy Number 14		Revised: 6/24/2020

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

**Veterans Services Fund Allocation and Expenditure
Policy and Procedures**

J14.1 Purpose

A. The purpose of this policy is to establish operating procedures for appropriating, allotting, allocating, and expending financial donations from the Veterans Services Fund (the Fund) through the Department of Veterans Services (DVS) Division Subsidiary Funds. The Subsidiary Funds are administered by the Veterans Services Foundation (VSF) Board of Trustees (the Trustees) through the VSF Executive Director in conjunction with the DVS Chief Financial Officer (CFO) and DVS Division Directors.

B. This joint policy is the last in a series of four policies that cover the VSF pursuit of supporting veterans and their families through cycles of fundraising, controlling in-kind donations, Veterans Services Fund management, and Veterans Services Fund allocations and expenditures. This policy sets forth the requirements for sustaining the continuing cycle from budgeting, allocation of resources, and expenditures. Expenditures usually result in additional funding needs that are to be met through fundraising.

C. This policy is to be used in conjunction with VSF-DVS Joint Policies J11 (Fundraising) covering solicitation and receipt of donor funds, J12 (Control of In-kind Donations) concerning non-financial donations, J13 (Veterans Services Fund Management) regarding recording, accounting, reporting donations, and generally managing financial donations made to the Fund.

J14.2 Application

The VSF Executive Director in conjunction with the DVS CFO and the DVS Division Directors are responsible for the application of this policy.

J14.3 Interpretation

The VSF Chair, in consultation with the DVS Commissioner, is responsible for the interpretation of this policy.

J14.4 Overview

A. The VSF charitable funding process begins with an assessment of the unmet needs of veterans and their families and available funds required to meet those needs. Those funds may be available from General and Non-general Funds and charitable donations set forth as Dedicated Special Revenue in the Appropriation Act. Shortfalls in General and most Non-general funds may be met with increased appropriations, if available, and donor contributions that may be on hand or need to be raised. The primary document for meeting needs is the budget, which is a primary policy document showing how the state and its agencies will prioritize and achieve its biennial and annual objectives. The budget is a contract between citizens, including donors, and state agencies showing how resources are raised and allotted for veterans' services. Good budgeting supports the pillars of governance: integrity, openness, participation, accountability, and planning to achieve objectives. Appropriation requests are based on the VSF and DVS budgeting process; a joint responsibility of VSF and DVS as set forth in this joint policy.

VSF-DVS Joint Inter-agency Policy	Veterans Services Fund Allocation and Expenditure	Effective: TBD
VSF-DVS Joint Policy Number 14		Revised:

B. To achieve unfunded and unmet veterans' needs, VSF in conjunction with the DVS Divisions solicits and accepts donations to foster the aims of DVS programs and enhance operations beyond the scope of appropriated funds. In addition, donations can be solicited to support specific activities to foster community involvement and outreach. The allocation, and expenditure of donations shall be controlled by the Uniform Prudent Management of Funds Act, §64.2-1100 et seq., and the Donor's Bill of Rights paragraph assuring that donors' gifts will be used for the purposes for which they were given contained in Appendix A.

C. The VSF Board of Trustees serves a fiduciary responsibility to donors and a substantial source of funding to DVS to meet the needs of veterans not otherwise available for funding through the state budget or other sources. DVS serves as the VSF agent, in accordance with the Uniform Prudent Management of Funds Act, for the receipt, deposit, management, allocation, and expenditure of funds. The expenditure and disbursement authority is subject to approval or disapproval by the VSF Executive Director and the board of trustees based on the Code of Virginia. §2.2-2718.C.

J14.5 Policy

- A. One hundred percent of all contributions made to VSF shall be used to provide direct support to Virginia veterans and their families in crisis or in need of assistance.
- B. VSF and DVS shall, in coordination with the DVS Division Directors, oversee and ensure that monies collected are properly expended unless they are held for nonrecurring expenses or emergencies.
- C. VSF and DVS shall jointly participate in the internal operating budget development process to provide timely information for authorized DVS requests and expenditures.
- D. VSF shall advise DVS, as necessary, during the state budget development process to help ensure that the Appropriation Act reflects the appropriation allotment (spending authority) needed to support expenditure of donated funds in support of DVS programs and services.
- E. DVS shall provide assistance to VSF in the development of budgetary documents.
- F. DVS shall provide financial management and accounting necessary to ensure compliance with disbursement requirements set forth by the State Department of Accounts, State Auditor of Public Accounts, and VSF-DVS Joint Policies in a manner that segregates VSF from DVS activities.
- G. VSF shall, as required, transfer funds to supplement funding for DVS programs and services.
- H. Donations shall only be used for program expenses for direct services to veterans and their families that are not related to administrative or fundraising. For the VSF, these include emergency expenses associated with DVS programs' direct services. The Fund is not an auxiliary or reserve fund for DVS or VSF.
- I. VSF and DVS may delegate expenditure authority to the DVS Division Directors.
- J. To provide mutual DVS-VSF integrated controls, DVS shall provide to the VSF Executive Director for approval a monthly report, by the 20th day of the following month, containing a list of expenditures that are requested as reimbursements to VSF funds. The VSF Executive Director, within seven business days of receipt, shall approve or disapprove such expenses. If disapproved, the expenses shall be moved to an alternate source of DVS funding.

VSF-DVS Joint Inter-agency Policy	DVS Subsidiary Fund Management	Effective: July 1, 2020
VSF-DVS Policy Number 14		Revised: 6.24.2020

- I. VSF and DVS shall ensure that subsidiary funds held for: (1) nonrecurring expenses shall not exceed the estimated cost of the nonrecurring expense; and (2) funds held for emergency purposes shall not exceed the total of three year’s expenditures unless an exemption has been approved by the VSF Board of Trustees with the concurrence of the DVS Commissioner.
- J. VSF and DVS shall strive to see that contingency funds that have not been used for over three years shall be transferred to the program sub-fund titled “Other Donations Restricted for use at _____ (the name of the program in question; e.g. cemeteries). If balances in the “Other Donations Restricted...” sub-fund continue to grow, then the Foundation may allocate such funds for use by other VSF or DVS programs – providing the funds were donated without a specific purpose designated. For those donations with a purpose designated, the contributions received will be used as specified by the donor. However, if the purpose of the donation has been met or no longer exists, the remaining funds may be used at the discretion of the VSF Board of Trustees to provide other support to Virginia’s veterans and their families. All DVS reallocations shall have the concurrence of the DVS Commissioner.

J14.6 Procedures

- A. All donations will be deposited in the appropriate Subsidiary Fund or Sub-fund of the Veterans Services Fund and shall be managed in accordance with §§ 2.2-2715 et seq. Code of Virginia, applicable sections of the current Virginia Appropriation Act, and Commonwealth of Virginia regulations. Descriptions of Subsidiary Funds and Sub-funds may be found in VSF-DVS Joint Policy J13 (Veterans Services Fund Management) paragraph J13.9.D.
- B. Allocation of funds for DVS program subsidiary funds from the Fund may only be authorized by the majority vote of trustees present at a meeting in which there is a quorum.
- C. Sub-fund adjustments of amounts less than \$10,000 within subsidiary accounts in the annual budget may be made by the VSF Executive Director in accordance with funding levels established by the current edition of the Appropriations Act and Department of Planning and Budget adjustments to those funding levels. Amounts above \$10,000 shall be referred to the VSF Finance Committee Chair and the Board Chair for action as set forth in VSF Policy section F2.13.D. Any changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.
- D. Reallocation of sub-fund amounts of \$10,000 or more shall be forwarded to the Board Chair for action as follows. Depending on the circumstances, the Board Chair may consider it or refer it to the VSF Finance Committee Chair. Alternatively, the Board Chair could refer it to a meeting of the Executive Committee or defer it until the next board meeting. In any case, all changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.
- E. Expenditures for DVS activities approved by the trustees may be processed upon approval by the DVS division director that has responsibility for the activity.
- F. DVS Division Directors shall submit an annual budget request through the DVS Commissioner to VSF. Anticipated donations are furnished by the VSF. This normally is submitted on an annual basis at the request of the VSF Executive Director or DVS CFO. Budget requests shall outline expected donations and expenditures for the up-coming fiscal year for each of the established subsidiary and sub-funds.

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VSF-DVS Joint Policy Number 14		Revised:

G. Donors expect that their contributions will be used as they have specified in a prompt and timely manner by VSF and DVS programs and services. If donations are not so used, then VSF, DVS, and the Commonwealth can be exposed to criticism because they hold the public trust, which cannot be violated.

H. Additionally, when there are excesses of donated funds, an inconsistency is created between requested income and expenses that directly carries over to appropriated funds for DVS and its programs. This inconsistency can cause DVS general funding to be lost when general fund budget reductions occur.

I. There are two possible exceptions to prompt and timely expenditure of subsidiary funds: (1) donations that are held for nonrecurring expenses such as construction, technology, and others that transcend one year's operations; and (2) those funds held for contingency purposes because revenues in any one given year may not be sufficient to fund recurring annual expenses.

J14.7 Budgeting Considerations

- A. The appropriation, allotment, and allocation process includes approval of priorities, establishing measurement metrics, measuring program performance, and obtaining quantitative and qualitative results. These results are used to assess each program's ability to meet specified objectives that contribute to established DVS and VSF goals as calculated by each programs' use resources effectively. The information developed is used to determine how resources will be allocated in the biennium budget process for distribution of donated revenue. This is called Performance Budgeting or Performance Based Budgeting and is described in greater detail in Appendix B.
- B. The budget is the VSF central policy document which is supported by financial administration documents such as the current VSF-DVS Joint Policies. The VSF budget is a contract between VSF and DVS showing resources raised, on hand, and allocated for delivery of veterans programs and services. In the case of VSF, the budget is to provide supplemental funding for DVS programs and services. VSF funds are not to be used to supplant other general and non-general revenue accrued to DVS. VSF must have a comprehensive understanding of DVS general and non-general fund revenues and their uses for each DVS program, plus similar revenues devoted to other agencies that compliment DVS programs (e.g., homelessness abatement by the Department of Housing and Community Services). These are required so that VSF can design and implement a comprehensive, accurate, and reliable budget.
- C. Budgets should be managed within clear, credible, and predictable limits for fiscal policy. A sound fiscal policy is one that avoids build-up of large, unsustainable debts or excess revenue and that uses favorable income flows to build up resilience and buffers against more difficult times. Sound fiscal policy is enhanced through clear and verifiable fiscal rules or policy objectives.
- D. The VSF-DVS budget should be closely aligned with the medium-term spending priorities. The annual financial goals set boundaries for the main categories of spending for the year. A mid-term expenditure analysis is an important tool to determine not only where VSF currently is, but whether it will meet its annual financial goals. The analysis should be grounded on realistic forecasts for baseline expenditures based on past experience, of which ample data exists both in VSF and DVS. The budget should be flexible to ensure that expenditure boundaries are respected. This is with the understanding that there may be a need to revisit or realign financial

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- goals and priorities to take account of unforeseen developments. A regular process for reviewing existing expenditures exists in the Expenditure Guidelines (Section J14.10), but it must be supplemented by regular monthly analysis of expenditures made to ensure budgetary expectations and managed in line with assets available and anticipated.
- E. DVS and VSF budget documents and data must be open, transparent, (i.e., understandable) and widely distributed. This is required to keep on top of budget goals. Detailed monthly reports, including income and expense schedules, currently produced by DVS in conjunction with VSF should be available and widely distributed to promote timely and effective decision making, accountability, and oversight. More VSF and DVS participants need to be actively involved.
 - F. Budgetary options should be realistically debatable by all participants. The process is detailed in Section J14.9. DVS Program leadership needs to be involved in discussions about budgetary policy options because they best know their priorities, funding requirements, difficult trade-offs, and goals to maximize the finite resources available.
 - G. Budgets and their periodic updates should present a comprehensive, accurate, and reliable account of finances. They should account correctly and comprehensively all revenues and expenditures and the full financial costs and benefits of budget decisions. The benefits of budget decisions can be made available through periodic briefings by DVS program managers.
 - H. Budget execution should be actively planned, managed, and continuously monitored. There should be some limited flexibility to reallocate funds throughout the year in the interests of effective management consistent with the broad purpose of the allocation, within the restrictions placed by donors.
 - I. Performance evaluation and value for revenue should be integral to the budget process. VSF and DVS must understand not just what is being spent, but what is being accomplished on behalf of donors, veterans, and the Commonwealth. That is, what veterans services are being delivered and under what standards of quality and levels of efficiency. This requires detailed reports on specific outcomes by the DVS Division Director and the VSF Board of Trustees. Performance Budgeting as required by DPB would meet this requirement.
 - J. Longer-term sustainability and other fiscal risks should be identified, assessed, and managed prudently. This promotes stability in providing resources.
 - K. To maintain sustainability, avoid depletion of assets, and focus on immediate needs while planning for the future, a reserve fund is essential. The reserve fund contains the sum of funds on hand less the funds allocated for the current annual budget. The result is the amount of unallocated restricted funds from donors to support each designated DVS Program which are not part of the current annual Appropriations Act allocations, but available for expenditure on approval from DPB. For DVS divisions and programs, the reserve for subsidiary funds may be found in the subordinate accounts titled "Other Donations Restricted". At least 100% of the annual budget must remain in the reserve account for contingency purposes. The remainder may be available for investment for endowment purposes. Should the funds available in the reserve account be less than the amount in the current budget, expenses for the following year will have to be reduced by a comparable amount.
 - L. Budgeting must consider the types of funds available for use. VSF non-general dedicated special funds are divided into two broad categories; restricted and unrestricted.

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1. Restricted funds are further subdivided into: (a) funds for general purposes such as those donated to VSF for veterans services purposes; (b) funds for specific programs such as those for the Virginia Veterans Care Center; and (c) funds for specific projects such as those designated for indigent care, events for veterans, homeless relief, Virginia Values Veterans (V3) for veterans employment. Priorities for budgeting for veterans' services are placed on these funds in inverse order.
 2. Unrestricted funds are divided into: (a) appropriated funds that were allotted to VSF for its operations and emergency support of veterans' services; and (b) interest received on the Veterans Services Fund that may be used for the same purposes as specified in the appropriated funds category.
- M. The integrity and quality of budgetary forecasts, fiscal plans, and budgetary implementation are promoted through rigorous quality assurance and independent audits. Both the internal and external financial control systems should have a role in quality assurance for cost effectiveness and performance accountability. There is a need for structured, institutional processes to provide scrutiny of all aspects of the budgeting system as previously described. This should extend beyond audits performed by the Virginia Auditor of Public Accounts.
- N. Additional information on the process and its timing is at [Appendix C](#).

J14.8 Appropriating, Allotting, and Allocating Financial Donations

- A. Appropriations are the legal spending authority for state agencies to incur expenditures. These appropriations are regulated through the use of allotments within the Appropriation Act and related legislation. VSF and DVS shall not expend funds against any appropriation until they have received an allotment of funds from the appropriation and have sufficient cash prior to any expenditure. DVS divisions cannot expend funds against any VSF dedicated special revenue allotment until they have received an allocation of funds from the allotment by VSF. Administrative responsibility for managing the process of appropriating and allotting funds rests with the Department of Planning and Budget (DPB) and administrative responsibility for managing allocations and expenditures of VSF funds resides with VSF. Unexpended VSF and DVS operating balances of VSF non-general dedicated special revenue funds shall be reestablished in accordance with the Code of Virginia and the Appropriation Act.
- B. The following procedures assume that donated funds are on hand to be spent. If funds are not available, they cannot be allocated or spent. The exception to the allocation process occurs when a new program is introduced and a fundraising goal is set in the Appropriations Act. There are no exceptions to spending funds that are not available.
- C. The formal budgeting, appropriation, allotment, and allocation process, which cannot be abridged, follows:
1. DVS divisions determine a need for funds during the current year for the next FY;
 2. DVS Commissioner approve/modify/disapprove the need;
 3. VSF Trustees approve/modify/disapprove the need and recommend a fund appropriation;
 4. VSF Treasurer forwards the appropriation request to DPB for analysis and approval/modification/ disapproval;

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5. Governor includes the requested appropriation in the proposed annual budget for the next FY;
 6. The General Assembly approves/modifies/disapproves the appropriation;
 7. The Governor approves/modifies/disapproves the appropriation;
 8. If approved by the General Assembly and Governor, the appropriation allotment is placed in the annual Appropriations Act;
 9. VSF makes the allotted funds available to DVS as an allocation by subsidiary fund for expenditure after July 1 of the next FY;
 10. VSF publishes expenditure policy and monitors expenditures on a monthly basis to ensure they are in accordance with the donor's wishes and published policy.
- D. Budget adjustments during the fiscal year are made through the following process:
If the DVS division needs additional funds, they forward that need request with justification to DVS as follows:
1. DVS Commissioner approves/modifies/disapproves the request;
 2. VSF Trustees approve/modify/disapprove the need and recommend a fund reallocation;
 3. VSF Treasurer forwards the funding request to DPB for analysis and approval/modification/disapproval, if the allocation exceeds the funds allotted to VSF by the Appropriation Act;
 4. DPB approves/modifies/disapproves the request;
 5. VSF makes the allocated funds available to DVS for expenditure before the end of the FY;
 6. VSF monitors expenditures on a monthly basis to ensure they are in accordance with donor's wishes and published policy.
- E. Every biennial and annual budget appropriation request or midyear increases to the annual allotment must be approved by the VSF Trustees before DPB will take any action on the request.

J14.9 Subsidiary Fund Teams

Each DVS Division shall develop a team to direct and administer its Subsidiary Fund, including budgeting, allocation of funds, and expenditures, for the support of eligible recipients. Such direction and administration will be in accordance with this policy and the direction of the VSF Board of Trustees. Teams shall be headed by the DVS Division Director and include such Division personnel as required by the Division Director. The Teams shall include the DVS CFO and VSF Executive Director or their designated representatives for budget formulation. The duties of the Team shall be as follows:

- A. Request input and recommendations from DVS, the Board of Veterans Services, the Joint Leadership Council of Veterans Service Organizations, and other interested veterans and veterans support groups regarding potential needs and activities for the coming fiscal year or as needs arise.
- B. Review recommendations to ensure they are within the scope of the intent of the DVS and the VSF. No later than mid-April, the team shall develop an annual working budget for the coming fiscal year.
 1. The requested budget shall be based on detailed reports containing specific outcomes provided to the DVS Division Director and the VSF Board of Trustees.

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2. The requested budget shall not exceed the cash balance available to each DVS division, but may be increased by an estimate of expected donations for the year by program and decreased by the requested cash balance budget.
3. The estimate shall be made based on VSF projections of income for the year and revising as the year unfolds and income and expenditure balances are clearer.

This procedure would allow DVS to submit its budget requests in a range from bare minimum supplemental support needed to a higher amount based on estimated successful fundraising goals and should provide better budgeting and accounting procedures. The goal is to maximize VSF's fundraising capacity and resources to ensure those veterans' needs, not otherwise supportable from other sources, are provided from private contributions.

- C. Follow written criteria provided in this Joint Policy for Subsidiary and Sub-fund Fund expenditures, subject to the approval of the DVS Commissioner and the VSF Executive Secretary. See Section J14.10.
- D. Through the DVS Commissioner, submit the budget to the VSF Executive Director for Trustees review and approval.
- E. Through the DVS Commissioner, submit for approval any requested changes to the approved budget prior to implementation to the VSF Executive Director. Such changes must contain sufficient justification and funds must be available for the request to be approved by DPB. Such supplemental requests will be submitted through DVS Commissioner to the Foundation so that they can be considered at its next quarterly Board meeting.
- F. Retention of excess funds.
 1. VSF and DVS activities shall justify their need to retain excess funds exceeding three year's expenditures by submitting an annual spending plan that details excess fund use.
 2. The spending plans will be due with the annual FY budget submissions.
 3. If a question exists regarding the propriety of a fund overage, it shall be referred to the VSF Executive Director and the DVS CFO for mutual resolution among VSF, DVS, and the program involved.
 4. In addition to the annual spending plan, other reports on expenditures may be requested as required by the DVS Commissioner, the VSF Trustees or others for review. Expenditure reports also shall include underfunded or unfunded needs, if any.
 5. Financial records shall be maintained according to the State Comptroller's guidance and shall be audited by the Auditor of Public Accounts.

J14.10 Expenditure Guidelines for Donated Funds

- A. The following are the basic guidelines for funding from the Foundation with the exception of special circumstances that will require the approval of the Board of Trustees:
 - All donations will honor donor restrictions as to purpose.
 - VSF will adopt a budget for each activity based on requests from DVS divisions or programs and enter into funding agreements with each respective division or program.
 - The Board will adopt the annual budget in advance of receiving donations restricted to each activity and it is anticipated that the adopted budget may be revised from time to time to reflect needed funding and available funds.

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- To fulfill the Board's reporting responsibility to the General Assembly and discharge its fiduciary duties to donors, recipients of funding from the Foundation are requested to continue the monthly accounting for all transactions for each activity fund.
 - All expenditures of donated funds will be attributed to the Foundation. In the case where major donors (\$10,000 and above) are involved, they also will be identified as a funding source.
 - Guidelines for expenditures will be incorporated into each allocation of funds and will include the following general guidelines:
 - All expenditures of Foundation funds are required by Virginia statute to be approved by the Executive Director of the Foundation.
 - Documentation shall be maintained on each expenditure in such a detail and manner to promote approval and support internal and APA audit requirements.
 - Foundation funds cannot by statute revert to the General Fund nor shall Foundation funds be used to supplant agency funds otherwise available from other sources.
- B. Care Centers** – Sitter and Barfoot Veterans Care Center (SBVCC), Richmond; Virginia Veterans Care Center (VVCC), Roanoke:
- Indigent Resident Needs: Residents who do not have resources to pay for needed items;
 - Activities Fund: Resident outings, entertainment, mission enhancing events for the benefit of residents and Carnivals for the VVCC ;
 - Other Donations Restricted: Items needed for residents that are not included in the other named funds and are not covered by health care providers or other available funding sources.
 - Operation Holiday Spirit for VVCC: Items for the residents provided by the Holiday Giving program;
 - Unit Projects and Functions: Unit projects and unit special events for the residents;
 - Other Donations Restricted: Items needed for residents that are not included in the other named funds and are not covered by health care providers or other available funding sources.
- C. Cemeteries** – Albert G. Horton, Jr. Memorial Veterans Cemetery, Suffolk; Southwest Veterans Cemetery, Dublin; Virginia Veterans Cemetery, Dublin:
- Grounds Beautification: Purchase flowers or trees that are not covered by other funding sources to beautify the cemetery grounds;
 - Other projects approved by the VSF Board of Trustees.
- D. Virginia Veteran and Family Support (VVFS)**
- Resources to address the immediate needs of eligible veterans and their families
 - Resources for veterans and families to aid in recovery and to recognize, identify and address needs
 - Emergency financial assistance for behavioral health, rehabilitative health and housing
 - Workshops/Retreats for the benefit of Veterans and their families
- VVFS Homeless Program.** The purpose of the fund is to preclude or end but not sustain homelessness among veterans and their families. The fund provides emergency financial assistance furnished by donors to veterans and their qualifying family members to fill gaps between the immediate need for shelter and the time that appropriate local, state, federal or charitable agencies require to be able to provide a sustainable solution.
- Eligible expenses include: deposits, rent, utility deposit, rental arrears/debts, utility arrears, bridge housing, emergency hotel payments, furnishings, other one time only expenses.

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- Emergency financial assistance may be provided as a last resort after requests from other sources are exhausted. Approved requests will be limited to funding totaling \$1,500 over a two-year period for a veteran in need of emergency housing assistance. The VVFS Director may consider exceptions to this policy on a case-by-case basis. The VVFS Director in coordination with the VSF Executive Director shall consider exceptions that exceed \$3,000 to this policy. Cash advances of funds are not authorized.

E. **Benefits**

- Resources to raise awareness of eligibility and locations of Benefit offices;
- Direct services to assist veterans in meeting the criteria for approval of their claim submitted to the VA;
- Items for Benefits offices that support veterans.

F. **Veteran Education, Transition and Employment (VETE)**

Virginia Values Veterans (V3)

- Resources to raise awareness among the business community to recruit companies to participate in the V3 program.
- Workshops/Retreats for the benefit of transiting veterans and their families.
- Develop curriculum related to the transition of service member and the recruitment, hiring and retention of veterans.
- Resources to promote Education, Transition and Entrepreneurship opportunities for transiting veterans and their families.

Altria Grant and other grants

- Guidelines are specific to each grant

Women's Summit

- Resources for the event specific to the donor intent

Other Donations Restricted

- Resources needed to promote the mission of VETE when other funding is not available

G. **Not covered in funding requests:**

- Any expenditures eligible for funding from sources such as the state budget or other agency sources;
- Paid staff positions;
- Fundraising events;
- Sponsorships;
- Endowments or capital campaigns;
- Postage, postal services;
- Office Supplies;
- Printing;
- Employee travel expenses and overnight accommodations;
- Employee events/parties;
- Guest speakers;
- Training of DVS employees;
- Equipment or items costing over \$5,000 will need approval of the Board of Trustees before purchase;
- Maintenance of facilities and grounds.

H. The VSF Board of Trustees understands that all expenses are not the same, and there may be exceptions to the above list. The DVS Commissioner and division directors are encouraged to

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make a request to the Board in special circumstances. Consideration for requests may be discussed with the Foundation Executive Director. All requests for funding of special circumstances and equipment costs over \$5,000 that will require approval of the Board of Trustees shall be submitted in writing by the DVS Commissioner to the Foundation Executive Director not later than ten working days before a Board of Trustees meeting for consideration by the trustees Finance Committee and the Board.

J14.11 Procedures for Expending Donated Funds

- A. Expenditure requests, regardless of the purpose, shall be submitted to the DVS Division Director.
- B. The Division Director shall evaluate the request to ensure it meets the following criteria:
 - 1. Funds are available for the purchase or expenditure, and the expense conforms to the intent of the designated donation, the Expenditure Guidelines in Section J14.10, and the approved budget. Deviations from the approved budget shall be approved by the Trustees.
 - The expense is reasonable and practical.
 - 3. The expense is timely.
 - The expenditure does not conflict or overlap with other requests or expenditures.
- C. After approval by the Division Director, the purchase/expenditure will be made in accordance with Commonwealth of Virginia regulations. Purchases of goods and services that are received by the purchasing agency are controlled by the state procurement manual. Direct veterans assistance expenditures are considered benevolent gifts provided to veterans and their families.
- D. If a question exists regarding the propriety of a purchase or veterans direct assistance expenditure, it shall be referred to the VSF Executive Director and the DVS CFO.
- E. In addition to the Funding Levels and Services Report, other reports on expenditures shall be submitted monthly, or as requested, to the DVS Commissioner, the trustees or others for review. Expenditure reports also shall include underfunded or unfunded needs, if any.
- F. Financial records shall be maintained according to the State Comptroller and shall be subject to audit by the Auditor of Public Account.
- G. VSF and DVS activities shall justify their need to retain excess funds by submitting an annual spending plan that details excess fund use.
- H. The spending plans will be due with the annual FY budget submissions.
- I. If a question exists regarding the propriety of a fund overage, it shall be referred to the VSF Executive Director and the DVS CFO for mutual resolution among VSF, DVS, and the program involved.

J14.12 Reimbursement for DVS Expenditures

- A. VSF has the authority to delegate certain functions to agents, such as DVS, but retains the duty to monitor how donor funds are expended as governed by *Code of Virginia* § 64.2-1103.A. 3. and B. Therefore, as an economy measure, VSF has delegated the management of funds and their expenditures for DVS programs to the DVS Finance Office as a VSF agent, but retains the duty to monitor accounting and fund transactions. In particular, expenditures are controlled by VSF through the VSF Funding Guidelines approved by the Board

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of Trustees and the Secretary of Veterans and Defense Affairs and monitored by the Foundation Executive Director.

- B. VSF reimburses funds expended by DVS based upon a “Request for Reimbursement” for expenditures after they have been made. The Request for Reimbursement shall be provided by DVS accompanied by complete documentation needed to fully support the request.
- C. The Request for Reimbursement procedure requires DVS Division’s adherence to the Expenditure Guidelines contained in Section J14.10. In areas where no Expenditure Guidelines exist, DVS must inquire of VSF regarding the propriety of the expenditure before expending the funds or risk not being reimbursed. VVFS emergency situations can be accommodated by VSF transferring a onetime sum of cash as working capital to DVS, but DVS would still be at risk of not receiving specific reimbursement for any one or a part of a transfer request.

J14.13 Adoption and Amendment

- A. This policy may be adopted and amended by a majority vote of the VSF Board of Trustees after consultation with the Commissioner of Veterans Services. Notice regarding such actions shall be given to the Commissioner and Board members at least ten (10) days prior to the vote.
- B. Biennial review of this policy is the responsibility of the VSF Finance Committee in conjunction with the DSV Commissioner.
- C. This policy replaces in total VSF/DVS Joint Policy J6, J7, J8, and J9 all last reviewed on 11/9/2016.

J14.14 Policy Effective Date

The effective date of the policy, or policy revision, shall be July 1, 2020 or the date the VSF Trustees and the DVS Commissioner ratify the policy whichever is later.

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VIRGINIA VETERANS SERVICES FOUNDATION VIRGINIA DEPARTMENT OF VETERANS SERVICES

Appendix A The Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits. It has been endorsed by numerous organizations. Association of Fundraising Professionals (AFP), all rights reserved. Reprinted with permission from the Association of Fundraising Professionals March 5, 2019.

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Performance Budgeting

Appendix B

The objective is to make the budget more effective by focusing on results of resources allocated to DVS programs that VSF supports. The basic principle of performance budgeting is accountability; measuring how well each respective project was implemented. Also by assessing how effectively the funds budgeted/allocated to the DVS project were used.

Performance based budgeting supports decision making by establishing a purpose, setting measurable objectives, and providing flexibility to achieve the desired outcome. Performance may be judged by a program's ability to certain objectives that contribute to establish goals within the constraints of the resources (or inputs) allocated. By linking inputs to program outcomes and not process outputs, accountability can be measured. A resource allocation decision can be made by determining which projects achieve the greatest outcomes by focusing on results.

The VSF Performance Budgeting Initiative process would be as follows:

- 1) At the DVS Commissioner level, project funding requirements would be scrubbed/reviewed, prioritized and recommendations prepared for presentation to the VSF for fund allocation.
- 2) The DVS recommendations would include prioritization and performance measures that can be used by the VSF to measure the results or effectiveness of the use of the funds allocated from the VSF.
- 3) Before the third quarter VSF meeting of each fiscal year, DVS would provide a detailed review that would precede the development and subsequent approval by VSF for allocating funds to DVS for expenditure the next fiscal year.
- 4) This review would address both prioritization and performance. The DVS and or its supported activity would be asked to answer a few basic questions. These would include:
 - a. What is the activity that requires additional funding?
 - b. What and why is the current funding insufficient?
 - c. What is its priority in comparison to the other requirements submitted by the DVS?
 - d. In the event the program is currently receiving additional VSF funding, how has it performed, based on performance metrics approved by VSF?
 - e. Should a program not be on track to obligate the budgeted VSF funding, is there a shortfall in requirements, or a failure to execute the level of activity associated with the budget?
- 5) VSF Trustees validate the need and recommend a fund allocation annually at the May meeting.

The key to this initiative is approving priorities, establishing measurement metrics, and measuring program performance using both quantitative and qualitative methods. This approach will provide information to make better choices, better decisions and in turn provide greater value.

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Appendix C

Procedures for Requests for Funds

Introduction. The VSF biennial schedule by fiscal year for VSF operations and requesting funds for budgeting purposes is attached to this Appendix. The following procedures are provided for planning and may be used as the situation dictates for requesting funds for veterans services. The procedures are divided into requests for restricted funds and unrestricted funds.

Normal Budget Request Procedures for Restricted Funds.

Restricted funds are funds that have been donated for a particular purpose or program. They are placed in trust in the Veterans Services Fund. DVS provides requests to VSF through the annual budgeting process with updates through the year as the evolving situation requires. The initial budget approval process for both the biennium budget and adjustments for the following year takes about three months to complete in the spring of each year.

The process starts in about March with a request to DVS divisions for information about the requested allocations of funds for the current, the next year, or the next biennium. The request may be initiated either by the VSF Executive Director or the DVS CFO or by mutual agreement. The request must contain: (1) the prior year's budget, as adjusted; and (2) the base spending authority authorized by the current Appropriation Act. Written justification must accompany requests that exceed the base spending authority or are either urgent or unusual. DVS divisions may submit requests for expenditures they need or desire that exceed their spending authority or involve insufficient funds with written justification for the request.

The budget requests for the biennial or adjustments for the next year should be due to the DVS Commissioner by late April or early May so that the Commissioner's staff can review the requests and ask for additional information, if necessary. The budget requests must be received by VSF staff at least four weeks before the June Board of Trustees meeting for evaluation.

The budget requests are provided to the VSF Finance Committee Chair at least three weeks before the June Board meeting. The Chair may share them with the Finance Committee members for review prior to the Finance Committee meeting regarding the request's appropriateness, completeness, and funding availability from the restricted funds available. If additional information is needed, it is requested from DVDS through the VSF Executive Director. The budget request should be complete by the Finance Committee meeting for final consideration and a recommendation for approval by the Board of Trustees.

Should the DVS budget request require additional fundraising, the Finance Committee Chair shall share the request for funds with the VSF Development Committee Chair for consideration and recommendations. The review by the two committees may be abridged if no issues are foreseen by the committee chairs.

The Finance and Development Committee recommendations are presented to the Board of Trustees for approval. If there are differences between the two committees' recommendations, they must be resolved

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at the Board meeting or tabled until the next meeting. Requests for updates/adjustments are handled with the same procedure on a quarterly basis each September, December, March, and June.

Special Budget Request Procedures for Unrestricted Funds.

Re request procedure follows the process and timelines as those set forth under “Normal Budget Request Procedures for Restricted Funds” without quarterly consideration of adjustments. Greater scrutiny is placed on the need for the funds, how the funds will be used, and the ability of the requestor to replace the funds. Regular reports are required regarding the use of funds and their replacement by the requestor.

Attachments:

- VSF Biennial Fiscal Year Schedule, Even Numbered Fiscal Year
- VSF Biennial Fiscal Year Schedule, Odd Numbered Fiscal Year

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VSF Biennial Fiscal Year (FY) Schedule*

Even Numbered FY

July 1 (Starts in odd numbered calendar year; e.g., July 1, 2019-June 30, 2020 for FY20)
Board Officers assume duties

First Quarter (August-September**) meeting first or second week of month (Location)
Receive APA audit report, if available
Consider and approve Goals and Objectives for current FY
Approve 4th Quarter prior FY Financial Statement and Annual Report to Governor and General Assembly
Board Chair appoint Committee Chairs/Assistant Chairs
Approve Non-general Fund allocations
Approve Legislative Initiatives, if required in August
Approve Committee Chair/Assistant Chair appointments

September
Board Chair to prepare Executive Director Annual Evaluation, due in October

Second Quarter (December) meeting first or second week of month (Location)
Approve 1st Quarter current FY Financial Statement
Approve current FY budget adjustments, if any

January, Wednesday second week Legislature convenes for 60 day session ending end of fourth week in March

During mid-March
Request Budget Adjustments for current FY due mid-April
Request Budget input/adjustments for next FY due mid-April

Third Quarter (March) meeting last week of month (Location)
Approve 2nd Quarter current FY Financial Statement
Approve current FY budget adjustments, if any
Approve review of VSF-DVS Policies, if needed
Confirm dates and locations of next FY Board meetings
Elect a nominating committee

April
Nominating Committee put out call for candidates for officers' positions

Fourth Quarter (June) meeting first or second week of the month (Location)
Review current FY Goals and Objectives as a baseline for next FY Goals and Objectives
Approve 3rd Quarter current FY Financial Statement
Approve budget adjustments, if any+
Consider current biennial FY Budget adjustments (As will be required for the coming odd year GA Session)
Elect officers for next FY

*At all meetings, as appropriate, receive VVFS, V3, and other DVS activity updates.

**Depending on DPB Schedule for budget

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VSF Biennial Fiscal Year (FY) Schedule*

Odd Numbered FY

July 1 (Starts in even numbered calendar year; e.g., July 1, 2020-June 30, 2021 for FY21)
Board Officers assume duties

First Quarter (September**) meeting second week of month (Location)***

Receive APA audit report, if available
Consider and approve Goals and Objectives for current FY
Approve 4th Quarter prior FY Financial Statement and Annual Report to Governor and General Assembly
Approve review of VSF-DVS Policies, as required
Board Chair appoint Committee Chairs/Assistant Chairs
Approve next FY General and Non-general Funding Budget adjustments, if required
Approve Committee Chair/Assistant Chair appointments
Approve tentative meeting dates and locations

September

Board Chair to prepare Executive Director Annual Evaluation, due in October

Second Quarter (December) meeting second week of month (Location)***

Approve 1st Quarter current FY Financial Statement
Approve current FY Non-general Fund budget adjustments, if any
Approve review of VSF-DVS Policies, if needed
Approve Bylaws and MOU changes, if any

January, Wednesday second week Legislature convenes for 46 day session ending end of second week March

During mid-March

Request from DVS Budget Adjustments for current FY due mid-April
Request Budget from DVS input for next FY due mid-April
Request from DVS next biennial Non-general Fund budget requirements (i.e., in 2019 request for FY2021-22)

Third Quarter (March) meeting last week of the month (Location)***

Approve 2nd Quarter current FY Financial Statement
Approve current FY budget adjustments, if any
Approve review of VSF-DVS Policies, if needed
Elect a nominating committee

April

Nominating Committee put out call for candidates for officers' positions

Fourth Quarter (June) meeting second week of the month (Location)***

Review current FY Goals and Objectives as a baseline for next FY Goals and Objectives
Approve 3rd Quarter FY17 Financial Statement
Approve budget adjustments, if any
Consider and approve next Biennial Budget starting in next odd numbered FY (See above example)
Approve next FY schedule of dates and locations of Board meetings
Elect officers for next FY

*At all meetings, as appropriate, receive VVFS, V3, and other DVS activity updates.

**Depending on DPB Schedule for budget

***In odd numbered years review all VSF-DVS Policies, Bylaws, and MOU

VSF Policy	VSF Administration & Operations Policy	Effective: 9-19-2019
VSF Policy No. 2		Reviewed:

VIRGINIA VETERANS SERVICES FOUNDATION

Foundation Administration and Operations Policy

F2.1 Purpose

This policy is established to set forth the administrative and operating procedures and technical requirements for the Virginia Veterans Services Foundation (VSF) and board of trustees requirements not contained in the trustees' bylaws. It also addresses VSF operations in support of the Virginia Department of Veterans Services (DVS), and to ensure that the administration and operations of VSF reflect the Commonwealth's and the Nation's honor and support for their veterans.

F2.2 Application

The VSF Executive Director, in conjunction with the Chair of the VSF board of trustees (Board Chair), is responsible for the application of this policy.

F2.3 Interpretation

The Board Chair, in conjunction with the Secretary of Veterans and Defense Affairs, is responsible for the interpretation of this policy.

F2.4 References

Administration of VSF is authorized under the Code of Virginia § 2.2-2715, et seq. The allocation and expenditure of funds shall be controlled by Code of Virginia §64.2-1100 et seq. Operation of VSF is subject to applicable state and federal laws and regulations, as well as policies and procedures established by the VSF trustees and the joint policies and procedures of VSF and DVS including the current DVS-VSF Memorandum of Understanding (MOU) set forth in VSF Policy 1, Appendix B.

F2.5 Overview

- A. Assigned Mission: VSF shall raise revenue from all sources, administer the Veterans Services Fund (the Fund), and provide funds for veterans' services and programs in Virginia.
- B. Mission Statement: Our Veterans served us, now it's our turn to serve them.
- C. VSF is a state philanthropic activity comprised of a governing board of trustees, supporting staff, donors, volunteers, and other interested parties.
- D. The Code of Virginia §2.2-2715.E. states that DVS shall provide administrative, staff, and other services to the VSF. These are contained in the DVS-VSF MOU. VSF responsibilities to DVS are contained in the MOU and the VSF policy on interagency relations.
- E. The Code of Virginia §2.2-2715.G. specifies that DVS shall provide qualified finance and development personnel to perform the duties of treasurer and secretary of VSF in accordance with VSF's directives.

F2.6 Policy

- A. VSF and DVS shall promote mutual support of each other and their activities in order to provide additional veterans services to eligible Virginia-domiciled veterans and their families in honor of veterans' service and sacrifice to the Commonwealth and the nation.
- B. All VSF Policies and VSF-DVS Joint Policies shall be reviewed at least every two years to ensure their currency and updated when required.

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- C. VSF shall adhere to the Donor's Bill of Rights contained in Appendix A and the Association of Fundraising Professional Code of Ethics in Appendix B.
- D. The VSF Finance Committee and VSF Executive Director shall oversee and ensure that monies in the Unrestricted Revenue and Support Funds are properly managed, allocated, and expended. [From Joint Policy 10 section J10.6]

F2.7 VSF Administrative and Operational Responsibilities

- A. The VSF Executive Director is responsible for the efficient and effective administration and operation of VSF and its Fund. The Executive Director also is responsible for supporting VSF's trustees and supervising other personnel (e.g., staff, volunteers, donors, etc.) who are involved in VSF operations.
- B. The Executive Director shall be assisted by the VSF Secretary and Treasurer.
- C. VSF public relations are coordinated by the VSF Executive Director with the DVS Director of Communications.
- D. The Executive Director is authorized to coordinate VSF administration and operations with DVS activities, including: DVS benefits services; care centers; cemeteries; veteran and family support; veterans' education, transition and employment; and other DVS veterans programs. The VSF Executive Director also is authorized to have direct liaison with the Chairmen of the Board of Veterans Services and the Joint Leadership Council of Veterans Service Organizations in consultation with the DVS Director of Policy and Planning.

F2.8 VSF Executive Director

- A. Executive Director Selection: The Executive Director shall be selected from a group of eligible candidates recruited through the Virginia Department of Human Resources Management Policy 2.10 – Hiring. The selection panel shall consist of at least four trustees, one of which shall be the Board Chair, and the Secretary of Veterans and Defense Affairs. Once selected by the VSF trustees panel, the Executive Director shall be hired in accordance with §2.2-2715.
- B. The VSF Executive Director reports to the Board Chair and is chief administrator of VSF. The Board Chair shall submit an evaluation of the Executive Director annually in October to the Secretary of Veterans and Defense Affairs.
- C. The Executive Director's duties are set forth in the trustees bylaws.

F2.9 Secretary

- A. The Secretary shall be qualified in development and shall be appointed by the board of trustees. The incumbent may be assisted by such DVS staff as required. The Secretary to the Board shall perform those duties as designated by the board.
- B. The Secretary's duties are set forth in the trustees' bylaws.

F2.10 Treasurer

- A. The Treasurer shall be qualified in finance and appointed by the Board of Trustees. The incumbent may be assisted by such DVS staff as required. The Treasurer only shall perform those duties and have such powers as designated by the board.
- B. The Treasurer's duties are set forth in the trustees' bylaws.

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F2.11 Human Resources Management

By prior agreement with the Department of Human Resources Management (DHRM), VSF is supported by the DVS Human Resources staff and DHRM Policies pertain. The VSF trustees on August 10, 2017 approved the current DHRM leave policy for the Executive Director.

F2.12 Execution of Contracts

The board of trustees may, except as by law, authorize any trustee or agent to execute any contract or other instrument. Any such authority may be general or confined to specific instances.

F2.13 The Veterans Services Fund

- A. The Virginia Veterans Services Fund (the Fund), administered by VSF, is a special non-reverting trust fund on the books of the Commonwealth Comptroller.
- B. The accounts and records of VSF showing the receipt and disbursement of funds from whatever source derived shall be established by the Department of Accounts and Auditor of Public Accounts in a manner similar to other organizations. The Auditor of Public Accounts or his legally authorized representative shall annually audit the accounts of VSF, and the cost of such audit services shall be borne by VSF in accordance with §2.2-2717 of the Code of Virginia.
- C. The Fund operating structure shall allow for: (1) separate current and non-current funds for annual operations as set forth in the Appropriations Act; (2) reserves; (3) specific funds for stand-alone projects; and (4) endowments primarily to provide funding for veterans programs and services. The Fund accounting structure consists of subsidiary and sub-funds. Subsidiary funds are the primary subordinate funds of the Veterans Services Fund and pertain to the funds of each of DVS principal programs and both the VSF Unrestricted Revenue Fund and the VSF Support Fund. Sub-funds or sub-accounts exist within subsidiary funds and are financial accounts that support the activities/services of DVS programs and the VSF Unrestricted Revenue Fund. Details of the fund operating and accounting structure are contained in VSF-DVS Joint Policy 4.
- D. Allocation of funds for DVS program subsidiary funds from the Fund may only be authorized by the majority vote of trustees present at a meeting in which there is a quorum.
- E. Sub-fund adjustments of amounts less than \$10,000 within subsidiary accounts in the annual budget may be made by the VSF Executive Director in accordance with funding levels established by the current edition of the Appropriations Act and Department of Planning and Budget adjustments to those funding levels. Amounts above \$10,000 shall be referred to the VSF Finance Committee Chair and the Board Chair for action as set forth in section J2.13.D. Any changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.
- F. Reallocation of sub-fund amounts of \$10,000 or more shall be forwarded to the Board Chair for action as follows. Depending on the circumstances, the Board Chair may consider it or refer it to the VSF Finance Committee Chair. Alternatively, the Board Chair could refer it to a meeting of the Executive Committee or defer it until the next board meeting. In any case, all changes shall be subject to review and subsequent approval by the trustees at the next quarterly board meeting.
- G. The Fund shall be used solely for the purposes of carrying out the applicable provisions of §2.2-2715 et seq. The unrestricted portion of the Fund, except unrestricted donor funds, may be used for VSF expenses, subject to approval by the Board of Trustees. Allocations and expenditures of donated restricted funds shall be in accordance with the provisions of § 64.2-1100 et seq. of the

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Code of Virginia. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrant issued by the Comptroller upon written authorization of the VSF Executive Director and approval of the Board. The Fund is not an auxiliary or reserve fund for DVS or VSF.

- H. The Unrestricted Revenue Fund and the Foundation Support Fund are subsidiary funds of the Fund. The procedures to be followed when allocating and expending the financial assets of the Unrestricted Revenue Fund and the Foundation Support Fund are contained in Appendix C.

F2.14 Financial Procedures

- A. Expenditures for DVS activities approved by the trustees may be processed upon approval by the DVS program director that has responsibility for the activity.
- B. All requests for reimbursement of trustees actual expenses incurred while attending meetings of the trustees or performing other duties shall be approved by the VSF Executive Director.
- C. Expenditures for authorized VSF administration and operations shall require the pre-approval of the VSF Executive Director in accordance with the procedures contained in Appendix C.

F2.15 Reports

- A. The Code of Virginia requires that VSF shall submit a quarterly report to the DVS Commissioner on VSF's funding levels and services. This report and monthly reports are compiled with the assistance of the DVS Director of Finance and the DVS Finance Staff for the VSF trustees. These reports shall contain statements and schedules, as appropriate to identify the status of all monies deposited and expended in the Fund. Reports may be required more frequently by the trustees. These reports will form the basis of a Foundation annual report.
- B. The DVS monthly and quarterly reports consists of: an Asset Sheet; a Statement of Income, Expenditures, and Changes in Fund Balances; and a Schedule of Receipts, Expenditures and Budget by activity.
- C. To obtain VSF funding, VSF requires that DVS submit a report detailing DVS program requirements to form the annual budget.
- D. Reports on income and expenditures shall be submitted monthly, or as requested, to the DVS Commissioner, the trustees, or others for review. These reports shall include under- funded or unfunded needs, if any.
- E. VSF shall compile an annual report to the Secretary of Veterans and Defense Affairs, and the General Assembly in accordance with § 2.2-2715.B. This report will be published electronically by 30 November of each year. The annual report to the General Assembly shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.
- F. The quarterly and annual reports shall be available in the board of trustees meeting minutes posted on the VSF website

F2.16 Adoption and Amendment

This policy may be adopted and amended by a majority vote of the VSF Board of Trustees. Notice regarding such actions shall be given to all trustees at least ten (10) days prior to the vote being taken. Biennial review of this policy is the responsibility of the VSF Procedures and Policies Committee.

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On adoption, this policy supersedes VSF-DVS Joint Policies 2 (Foundation Operations) and 10 (Veterans Services Non-General Fund- Processing of Financial Requests).

F2.17 Policy Review Date

The policy review date is the date the policy was reviewed without revisions made. Reviewed

F2.18 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.

September 19, 2019

VSF Policy	VSF Administration & Operations Policy	Effective: 9-19-2019
VSF Policy No. 2		Reviewed:

VIRGINIA VETERANS SERVICES FOUNDATION

Foundation Administration and Operations Policy

Appendix A

The Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits. It has been endorsed by numerous organizations. Association of Fundraising Professionals (AFP), all rights reserved.

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Appendix B

Association of Fundraising Professionals (AFP) Code of Ethical Standards

AFP Code of Ethical Principles

Adopted 1964

The Association of Fundraising Professionals (AFP) exists to foster the development and growth of fundraising professionals and the profession, to promote high ethical behavior in the fundraising profession and to preserve and enhance philanthropy and volunteerism.

Members of AFP are motivated by an inner drive to improve the quality of life through the causes they serve. They serve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism; and hold stewardship of these concepts as the overriding direction of their professional life. They recognize their responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled.

To these ends, AFP members, both individual and business, embrace certain values that they strive to uphold in performing their responsibilities for generating philanthropic support. AFP business members strive to promote and protect the work and mission of their client organizations.

AFP members both individual and business aspire to:

- Practice their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust;
- Act according to the highest goals and visions of their organizations, professions, clients and consciences;
- Put philanthropic mission above personal gain;
- Inspire others through their own sense of dedication and high purpose;
- Improve their professional knowledge and skills, so that their performance will better serve others;
- Demonstrate concern for the interests and well-being of individuals affected by their actions;
- Value the privacy, freedom of choice and interests of all those affected by their actions;
- Foster cultural diversity and pluralistic values and treat all people with dignity and respect;
- Affirm, through personal giving, a commitment to philanthropy and its role in society;
- Adhere to the spirit as well as the letter of all applicable laws and regulations;
- Advocate within their organization's adherence to all applicable laws and regulations
- Avoid even the appearance of any criminal offense or professional misconduct;
- Bring credit to the fundraising profession by their public demeanor
- Encourage colleagues to embrace and practice these ethical principles and standards; and
- Be aware of the codes of ethics promulgated by other professional organizations that serve philanthropy.

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ETHICAL STANDARDS

Adopted 1964; amended Oct. 2014

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

Members shall:

1. not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
2. not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
3. effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
4. not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.
5. comply with all applicable local, state, provincial and federal civil and criminal laws.
6. recognize their individual boundaries of professional competence.
7. present and supply products and/or services honestly and without misrepresentation.
8. establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
9. never knowingly infringe the intellectual property rights of other parties.
10. protect the confidentiality of all privileged information relating to the provider/client relationships.
11. never disparage competitors untruthfully.

SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

Members shall:

12. ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
13. ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.
14. ensure that contributions are used in accordance with donors' intentions.
15. ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
16. obtain explicit consent by donors before altering the conditions of financial transactions.

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TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

Members shall:

17. not disclose privileged or confidential information to unauthorized parties.
18. adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client.
19. give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
20. when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

COMPENSATION, BONUSES & FINDER'S FEES

Members shall:

21. not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees.
22. be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
23. neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
24. not pay finder's fees, commissions or percentage compensation based on contributions.
25. meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.

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VSF Policy	VSF Administration & Operations Policy	Effective: 9-19-2019
VSF Policy No. 2		Reviewed:

VIRGINIA VETERANS SERVICES FOUNDATION
Foundation Administration and Operations Policy

Appendix C

**Veterans Services Unrestricted Revenue Fund and Foundation Support Fund
Processing of Financial Requests Procedures**

1. Purpose

This policy sets forth the procedures to be followed when allocating and expending the financial assets of the Unrestricted Revenue Fund and the Foundation Support Fund.

2. Overview

- A. The Unrestricted Revenue Fund is a subsidiary fund of the Veterans Services Fund that includes such funds as was or may be appropriated by the General Assembly, unrestricted donations to VSF, and interest accrued to the fund. The Unrestricted Revenue Fund is an income fund and the only stable asset VSF has. The appropriated funds and interest are for supporting VSF administration and operations and serving as a reserve of funds for emergency purposes. The unrestricted donor funds shall only be used for supporting the needs of veterans and their families. Revenues from the Unrestricted Revenue Fund cannot directly be used to cover VSF or DVS expenses. These expenses are made from the Foundation Support Fund.
- B. The Foundation Support Fund was created as a subsidiary fund of the Veterans Services Fund to cover VSF administration and operating expenses. Its expenditures are limited by current editions of the Commonwealth Appropriation Act.
- C. The Unrestricted Revenue Fund, through the Foundation Support Fund, may advance funds to cover DVS programs until these expenditures are replaced with donations, by DVS funds, or through state appropriations.

3. Definitions

The definitions contained in VSF Policy 4 apply to this policy along with the following:

- A. **Administrative Expenses:** These are what VSF or a DVS program spends on overhead, administrative staff and associated costs, and organizational meetings. For VSF operations, these expenses, which include staff, travel, and other administrative expenses, fall under the Foundation Support Fund.
- B. **Unrestricted Donor Fund:** This is a sub-fund of the Unrestricted Revenue Fund and consists of donations made to the Foundation for direct support of veterans and their families. This fund shall not be used for administrative or fundraising expenses.
- C. **Fundraising Expenses:** These are what the VSF spends to raise money. Fundraising expenses can include campaign printing, publicity, outreach, mailing, travel, and staffing and costs incurred in soliciting donations, memberships, and grants. For the VSF, these expenses fall under the Foundation Support Fund.
- D. **Contingency:** This is a planned situation where a VSF or DVS program need exists for funds that are not appropriated from the current Appropriations Act or approved by the Department of Planning and Budget.

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- E. **Emergency:** This is an unplanned situation where a VSF or DVS urgent need exists for funds that are not appropriated from the current Appropriations Act or approved by the Department of Planning and Budget.
- F. **Foundation Operations:** They are the functions performed in support of the administration of the Foundation.
- G. **Program Expenses:** These are what the Foundation annually allocates primarily to the DVS programs and direct services to veterans and their families. For the VSF, these include emergency expenses associated with DVS programs, if they don't fall under Administrative Expenses.

4. Receive, Accept, and Record Financial Donations and Appropriations

The authorization and procedures to receive, accept, and record financial donations are contained in VSF-DVS Joint Policy 4 (13). The procedures for accepting and recording appropriated funds are contained in state financial regulations. Funds received for the Unrestricted Revenue Fund will be processed through the DVS Finance Office for the VSF.

5. Managing Unrestricted Revenue and Foundation Support Funds

The Unrestricted Revenue Fund and Foundation Support Fund shall be managed by the trustees and VSF Executive Director as follows:

- A. All balances in the Fund shall be maintained in an interest bearing account designated as the interest sub-fund of the Unrestricted Revenue Fund. Interest income generated by the Fund shall accrue to the VSF Unrestricted Revenue Fund, unless otherwise directed by the trustees or the current Commonwealth Appropriation Act.
- B. Upon completion of the activity for which Foundation Support Funds were used, the unspent portion of the appropriation for a specific activity shall remain in the Support Fund. However, the Support Fund shall not exceed the amount authorized by the Appropriation Act of the current year.
- C. At the end of each fiscal year, VSF trustees shall review account balances to determine the requirements for the coming year.
- D. The VSF Executive Director is responsible for directing and administering the Foundation Support Fund within authorized amounts. Expenditures for VSF operations are authorized by the Executive Director up to and including \$5,000. Amounts above \$5,000 shall be authorized by the Board of Trustees. The base budget allocation is contained in the current year Appropriation Act under "Dedicated Special Revenue". This amount may be increased with sufficient justification if funds are available upon approval of the Board of Trustees and the Department of Planning and Budget.
- E. The procedures to be followed by the Executive Director to adjust the Foundation Support Fund Budget shall be:
 - 1. Submit to the trustees for approval any requested changes to the approved operating budgets prior to implementation of any changes. Such changes must contain sufficient justification and funds must be available for the request that must be approved by the Department of Planning and Budget. Such supplemental requests will be submitted to VSF trustees so that they can be considered at its next quarterly meeting.
 - 2. Submit a quarterly report that summarizes allocated financial funding levels and services expenditures made from allocated funds to the trustees for their information and review. Additional reports may be requested on a more frequent basis.

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6. Procedures for DVS Requesting Foundation Support Funds for Additional Program Funding

- A. The Support Fund may be used to provide temporary emergency expenditures for DVS programs, but this is done with the understanding that such funds will be replaced. Requests for allocations of the Support Fund revenues shall be made by the DVS Commissioner in writing to the VSF Board Chair, with a copy to the VSF Executive Director, at least ten working days before the VSF Finance Committee is scheduled to meet. Requests shall include:
 - 1. The amount requested;
 - 2. When the allocation would be needed;
 - 3. How the allocation will be used;
 - 4. Detailed justification for the allocation;
 - 5. Whether other funds are available for the request and their sources;
 - 6. Whether the requested allocation will be replaced, and if so, when;
 - 7. Other information as may be specified by the situation.
- B. Funds shall be allocated on a replaceable basis from DVS, when available.
- C. The VSF Trustees reserve the right to request additional information upon which an informed decision may be made.
- D. The Trustees decision will be included in the VSF Board of Trustees minutes.
- E. Final approval of the allocation must be received from the Department of Planning and Budget before the allocation of funds can be executed, if the amount required exceeds the authorized allocation in the current Appropriations Act.

VSF Biennial Fiscal Year (FY) Schedule*

Odd Numbered FY

July 1 (Starts in even numbered calendar year; e.g., July 1, 2020-June 30, 2021 for FY21)
Board Officers assume duties

First Quarter (August or September**) meeting second week of month (Location)***

Receive APA audit report, if available

Consider and approve Goals and Objectives for current FY

Approve 4th Quarter prior FY Financial Statement

Approve review of VSF-DVS Policies, as required

Board Chair appoint Committee Chairs/Vice Chairs

Approve next FY General and Non-general Funding Budget adjustments, if required

Approve Committee Chair/Vice Chair appointments

Approve tentative meeting dates and locations

Second Quarter (December) meeting second week of month (Location)***

Approve 1st Quarter current FY Financial Statement

Approve current FY Non-general Fund budget adjustments, if any

Approve review of VSF-DVS Policies, if needed

Approve Bylaws and MOU changes, if any

January, Wednesday second week Legislature convenes for 46 day session ending end of second week March

During mid-March

Request from DVS Budget Adjustments for current FY due mid-April

Request Budget from DVS input for next FY due mid-April

Third Quarter (March) meeting last week of the month (Location)***

Approve 2nd Quarter current FY Financial Statement

Approve current FY budget adjustments, if any

Approve review of VSF-DVS Policies, if needed

Elect a nominating committee

April

Nominating Committee put out call for candidates for officers' positions

Request from DVS next biennial Non-general Fund budget requirements (i.e., in 2019 request for FY2021-22)

Fourth Quarter (June) meeting second week of the month (Location)***

Review current FY Goals and Objectives as a baseline for next FY Goals and Objectives

Approve 3rd Quarter FY17 Financial Statement

Approve budget adjustments, if any

Consider next Biennial Budget starting in next odd numbered FY (See above example)

Approve next FY schedule of dates and locations of Board meetings

Elect officers for next FY

*At all meetings, as appropriate, receive VVFS, V3, and other DVS activity updates.

**Depending on DPB Schedule for budget

***In odd numbered years review all VSF-DVS Policies, Bylaws, and MOU

VSF Biennial Fiscal Year (FY) Schedule*

Even Numbered FY

July 1 (Starts in odd numbered calendar year; e.g., July 1, 2019-June 30, 2020 for FY20)
Board Officers assume duties

First Quarter (August-September**) meeting first or second week of month (Location)

Receive APA audit report, if available

Consider and approve Goals and Objectives for current FY

Approve 4th Quarter prior FY Financial Statement

Board Chair appoint Committee Chairs/Vice Chairs

Approve biennial FY Budget Proposal for General and Non-general Fund allocations

Approve Legislative Initiatives, if required

Approve Committee Chair/Vice Chair appointments

September

Board Chair to prepare Executive Director Annual Evaluation, due in October

Second Quarter (December) meeting first or second week of month (Location)

Approve 1st Quarter current FY Financial Statement

Approve current FY budget adjustments, if any

January, Wednesday second week Legislature convenes for 60 day session ending end of fourth week in March

During mid-March

Request Budget Adjustments for current FY due mid-April

Request Budget input/adjustments for next FY due mid-April

Third Quarter (March) meeting last week of month (Location)

Approve 2nd Quarter current FY Financial Statement

Approve current FY budget adjustments, if any

Approve review of VSF-DVS Policies, if needed

Confirm dates and locations of next FY Board meetings

Elect a nominating committee

April

Nominating Committee put out call for candidates for officers' positions

Fourth Quarter (June) meeting first or second week of the month (Location)

Review current FY Goals and Objectives as a baseline for next FY Goals and Objectives

Approve 3rd Quarter current FY Financial Statement

Approve budget adjustments, if any

Consider current biennial FY Budget adjustments (As will be required for the coming odd year GA Session)

Elect officers for next FY

*At all meetings, as appropriate, receive VVFS, V3, and other DVS activity updates.

**Depending on DPB Schedule for budget