

**NAVREF Annual Report
May 2008 – April 2009**

NAVREF Mission: NAVREF's mission is to promote high quality management and communication among the VA-affiliated nonprofit research and education corporations and to pursue issues at the government level that are of interest to its members.

Board Members 2008-2009

* No longer a member of the board due to normal rotation or a change in eligibility

Donna McCartney, Chair

Executive Director, PAIRE, Palo Alto, CA

Antonio Laracuente, Vice Chair

Executive Director, AREF, Atlanta, GA

Cindy Reutzel, Secretary/Treasurer

Executive Director, CARES, Hines, IL

*Kimberly Collins

Executive Director, MBRF, Kansas City, MO

Jonathan H. Gardner, FACHE

Medical Center Director, Tucson, AZ

*Margaret Hannon

Executive Director, IIMR, Indianapolis, IN

David Johnson, PhD

Executive Director, BREF, Baltimore, MD

Fred Wright, MD

ACOS/R, West Haven, CT

Lea Lowe

Executive Director, SCIRE, Long Beach, CA

*Curtis Kapsner, MD

ACOS/E, Albuquerque, NM

Eileen, Lennon, PhD

Executive Director, SIBCR, Seattle, WA

Jacqueline G. Parthemore, MD, FACP, FACE

Chief of Staff, San Diego, CA

Nancy Watterson-Diorio

Executive Director, BVARI, Boston, MA

*Rita I. Young, PhD, ACOS R&D, Charleston, SC

Terrence Hannigan, Fishers, IN

Thomas Stripling

Director Research, Education and

Practice Guidelines, PVA, Washington, DC

VA Central Office Liaisons

Joel Kupersmith, MD

Chief Research and Development Officer

Malcolm Cox, MD

Chief Academic Affiliations Officer

NAVREF Staff

Barbara West, Executive Director

Angela Murakami, Program Director

Sonie Mathew, Meetings and Office Assistant

In Appreciation

NAVREF's success remains highly dependent on generous contributions of time and expertise by its members and VA personnel. NAVREF activities and accomplishments are made possible by the hard work of its board of directors and many others who are committed to the VA-affiliated nonprofit research and education foundations as well as the VA research and education programs.

Individuals who contributed to the activities described below are too numerous to list. However, NAVREF wishes to express its sincere gratitude to all.

Top Four Activities May 2008 – April 2009

1. **Renewing the drive toward an improved NPC authorizing statute.** Undaunted by the 110th Congress's failure to enact legislation proposed by NAVREF to update the NPC authorizing statute, NAVREF worked with staff of the Senate Committee on Veterans Affairs (SVAC) to have the bill reintroduced by Chairman Daniel Akaka (D-HI) in January 2009. In March, House Committee on Veterans Affairs Chairman Bob Filner (D-CA) pledged to introduce a companion bill.

NAVREF has worked diligently to overcome the double whammy that doomed the bill last year. This has entailed working with VA to ensure that OMB understood the many positive changes the bill makes in the NPC statute so that VA was able to **explicitly** support the bill in its statement for a SVAC hearing on April 22. Additionally, NAVREF obtained assurance from SVAC staff that politically charged legislation will be dealt with separately so as not to encumber the uncontroversial NPC bill. As a result, the prospects for enactment of the NPC bill during the 111th Congress are as positive as one might hope despite the many steps still remaining in the legislative process.

2. **Responding to IG criticisms of NPCs and VHA plans for NPC oversight.** NAVREF's response to the May 2008 OIG report on five NPCs and VHA oversight was two-fold. On the one hand, this entailed encouraging VHA to reconsider some of the oversight plans developed in response to the OIG report while still ensuring an effective level of scrutiny of the NPCs. Although final VHA plans have not been published, NAVREF is most appreciative of the opportunities it has been given to comment on VHA drafts, and there are positive signs that VHA is taking NAVREF's views into consideration. Among these is the appointment of an administrator knowledgeable about the NPCs to lead the Nonprofit Program Office.

At the same time, NAVREF provided guidance to NPCs collectively and individually to address the management issues cited in the OIG report and offered resources for more generally raising the bar on NPC administration. This entailed preparing Annual Conference sessions, conducting Best Practices Consultations, arranging for each NPC to be given a manual on financial policies, and with much credit to the Seattle Institute for Biomedical and Clinical Research, offering sample operational policies. Judging by the large number of follow up inquiries received by the NAVREF office, NPCs are rising to the challenge. Attention is now turning to NPC governance which will be the primary focus of the 2009 Annual Conference.

3. **Maintaining Momentum on the Transition to CRADAs.** During the last year, Technology Transfer Program (TTP) staff and Office of General Counsel (OGC) personnel began to settle into their respective CRADA responsibilities. Consequently, NAVREF's role in the transition to CRADAs shifted from active engagement in developing models to monitoring use of CRADAs, responding to problems, drawing TTP and OGC attention to those problems, and supporting NPCs encountering difficulties whether they might be with sponsors or processing.

NAVREF also built on the CRADA conference held for industry sponsors in early 2008 by continuing to provide sponsors with basic CRADA information as well as referrals to TTP and NPCs. When it became clear that advanced training in CRADAs was needed for NPC staff members and Regional Counsel attorneys, NAVREF Chair Donna McCartney took responsibility for holding the first of these regional programs at the Palo Alto VA, and NAVREF staff subsequently have helped to coordinate similar training for the remaining regions of the country. As a result, all NPCs and RC offices have the opportunity to gain a better understanding of their negotiating latitude and key CRADA provisions. Also, recognizing that there has been a substantial staff turnover since NAVREF's 2005 training on CRADA fundamentals in Santa Monica, NAVREF secured TTP's commitment to assemble a CRADA training manual and to offer NPC personnel basic training by conference call twice a year for two years.

4. **Meeting NPCs' Increasingly Diverse Needs.** During the past year, NAVREF supported NPCs whatever their needs as they continued to become increasingly diverse. While some remain committed to administering only private sector funds, more have ventured into federal funds administration. According to a survey of NPCs conducted at the end of 2008, 45% of NPCs are now the direct recipients of non-VA federal awards and 66% are administering federal sub awards.

Additionally, NPCs became more diverse in their management structures, the number of their research and administrative employees, and the range of services and support they provide to investigator and facility research programs. An unusually large number of executive director positions also turned over last year so there is a widely variable range of knowledge about nonprofit and NPC-specific management requirements among senior NPC staff. The range became particularly notable when NAVREF explored offering training in human resources and federal funds management and was forced to conclude that each of the available programs had such a small pool of potential attendees that the cost of attendance would be prohibitive. Nonetheless, NAVREF remained responsive to NPCs' informational needs by recommending training, disseminating written guidance, setting up mentor relationships and responding promptly to inquiries.

Accomplishment Highlights and Other Ongoing Initiatives in NAVREF's Major Programs

Policy Development

- Focused NAVREF's policy development activities primarily on responding to the OIG report on five NPCs and VHA oversight of the NPCs. This involved extensive comments on the report and VHA's oversight plans, meetings with ORD personnel, and researching statutes applicable to federal oversight as well as providing NPCs with management guidance.
- Provided the Nonprofit Program Office with suggestions for updating the draft Excel spreadsheet to reflect the new IRS Form 990 to use for submission of some NPCs' June 2009 annual reports to VA. Due to the extensive changes made in the 990, NAVREF encouraged the NPPO to obtain a CPA review of the draft spreadsheets to verify that they capture all of the necessary NPC reporting elements.
- As non-federal "guests," NAVREF staff, Ms. McCartney and Dr. Lennon observed meetings of the working group formed by the NPPO to update Handbook 1200.17, the VHA handbook applicable to NPCs that administer research or research and education. To date, NAVREF has provided background information and expects to comment on drafts as this effort progresses.
- Fostered continued progress on implementation of CRADAs by commenting on draft models and regularly interacting with TTP with particular attention to processing CRADA reviews and approvals. Also, worked with sponsors to better understand CRADA requirements.
- Interacted regularly with senior VHA policymakers by attending meetings of the Nonprofit Oversight Board.

Member Communications and Services

- Responded to more than 275 email and phone questions from members, usually with a one-day turnaround time; used questions to prompt newsletter articles on timely topics and additional postings on the NAVREF web site such as those regarding acceptance of donations of honoraria, donor advised funds and board meeting minutes.
- Wrote and disseminated by email eight newsletters and a large number of timely updates; posted on the NAVREF web site for future reference.
- Created a web page about the new IRS Form 990 and regularly encouraged NPCs to discuss the new reporting requirements – particularly those pertaining to governance - with their accountants.

- Established mentorships for new executive directors, relying on the generosity of experienced NPC personnel to assist NAVREF staff in orienting new executive directors to the finer points of NPC and VA requirements.
- Completed three Best Practices Consultations for NAVREF members and made plans for one more. The success of this program remains highly dependent on the willingness of experienced executive directors to join NAVREF staff in conducting these intense visits, each of which requires many hours of preparation in addition to travel and presentation of constructive recommendations.
- Conducted two surveys of NAVREF members to help appropriately target 2008 Annual Conference sessions and workshops. NAVREF also disseminated to members the results of a survey of NPC administrative overhead rates and administration of federal awards that demonstrated the significant support NPCs are providing to facility research programs.
- Initiated development of web-based NPC directory that allows members to identify VAMC resources and areas of research focus in order to facilitate collaborations with industry and other private sector funders as well as among investigators.

Advocacy and Public Policy

- After much work advocating approval of legislation to update the NPC authorizing statute during the 110th Congress, turned attention to starting over again during the 111th Congress; at this writing introduction of the bill in the Senate and a pledge of House action are positive signs.
- Actively participated in activities of the Executive Committee of the Friends of VA Medical Care and Health Research (FOVA) and contributed to efforts that secured a \$30 million increase in funding for the FY 2009 R&D appropriation for funding at \$510 million.
- Worked with other members of the FOVA Executive Committee to plan FOVA's FY 2010 funding effort including developing justification for a recommendation of \$575 million (+65 million), and communicating FOVA's recommendations and background information about VA research to the Obama administration. NAVREF also supported ORD plans for Capitol Hill National VA Research Week events.
- Provided extensive comments on draft ORD research communications materials.

Conferences

- Managed a successful 2008 Annual Conference that provided two and a half days of educational sessions specifically targeted to the needs of the NPCs as well as numerous networking opportunities. The conference focused particular attention on policies and procedures including a half day of training on financial policies and internal controls.
- Offered a well-attended workshop on indirect cost negotiations in conjunction with the 2008 Annual Conference.
- Engaged a nationally known speaker to conduct a well-received session on NPC governance during the VHA Senior Management Conference.
- With NPPO Administrator Kim Collins, conducted a popular session on NPC governance during ORD's Local Accountability national conference.
- Encouraged five NPCs to host regional advanced CRADA training for NPC and Regional Counsel personnel as well as Executive Director forums.
- Decided to hold the 2009 Annual Conference outside of the Washington, DC, area for the first time. Looking ahead, Program Co-Chairs Eileen Lennon, PhD, and Bob Obana have developed a program that provides compelling sessions by nationally recognized speakers on topics of interest to NPC staff and board members; all NPCs are being strongly encouraged to arrange for at least one staff member and one board member to attend.

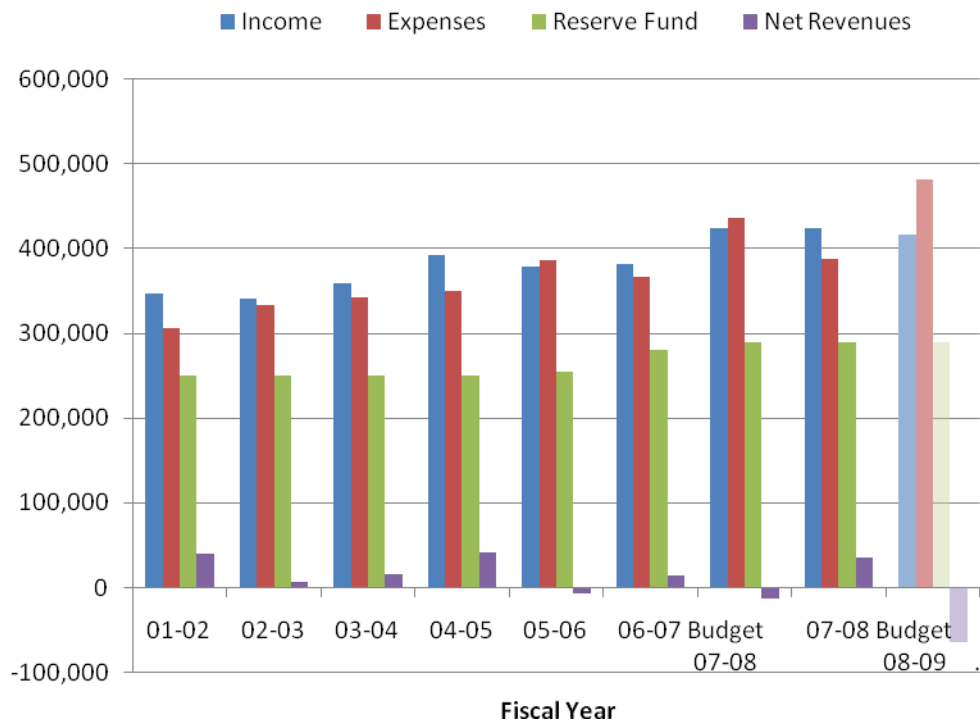
Governance

- Held four board of directors meetings, three of which were hosted by NAVREF member foundations to allow interaction between the host board and the NAVREF board. [NPCs interested in hosting a NAVREF board meeting should contact the NAVREF office.]
- Completed a comprehensive updating of the NAVREF bylaws.
- Engaged in regular board governance discussions including such topics as “7 Measures of Success; What Remarkable Associations Do that Others Don’t.”
- NAVREF remains grateful that Paralyzed Veterans of America continues to be a longstanding Class B member.

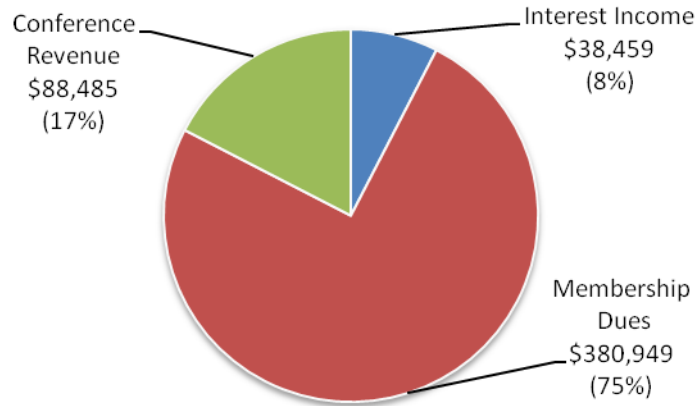
Administration

- Ensured that staff members stay current on nonprofit financial, legal and operational matters by attending national nonprofit conferences such as the AICPA National Not-For-Profit Conference and the American Society of Association Executives conference on association/nonprofit law. Staff also attended sessions on the new IRS Form 990, new lobbying disclosure requirements, financial reporting, human resources management, governance and business ethics.
- Performed a thorough updating of the NAVREF Employee Handbook.
- Hired a full time administrative and meetings assistant after leaving the position vacant for nearly two years.
- Complied with a GAO audit of nonprofits randomly selected for assessment of compliance with lobbying disclosure requirements promulgated by the Honest Government and Leadership Act of 2007.

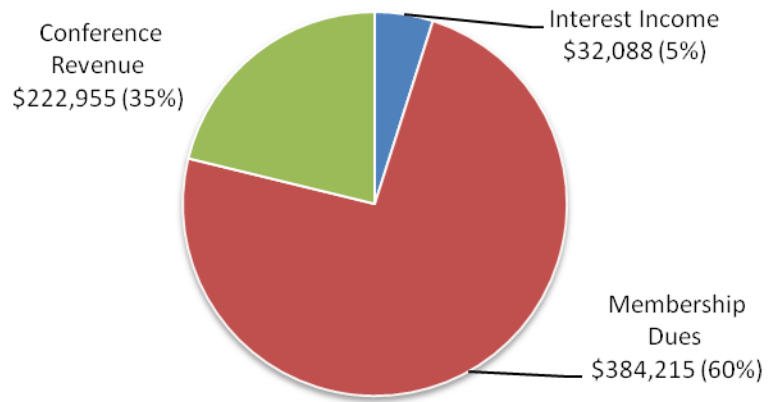
NAVREF Dues and Interest Income, Expenses, Reserve and Net Revenues/Loss



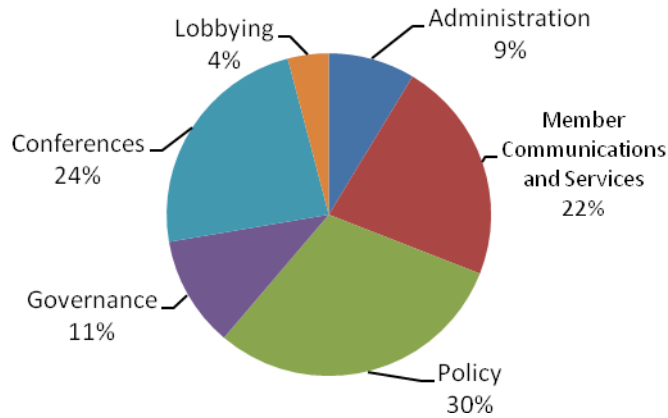
NAVREF Revenues for FY 06-07



NAVREF Revenues for FY 07-08



Expense Allocation by Program FY 2006-2007



Expense Allocation by Program FY 2007-2008

