BUPERS INSTRUCTION 12990.1A

From: Chief of Naval Personnel

Subj: MANUAL FOR THE OPERATION OF NAVY CIVILIAN MORALE, WELFARE AND RECREATION (CMWR) ACTIVITIES

Ref: (a) SECNAVINST 7548.1
     (b) DOD 1015.8-R of Nov 85
     (c) DOD 7000.14-R, Volume 13, of Aug 94
     (d) DODD 5500.7 of 30 Aug 93
     (e) DOD 5500.7-R of Aug 93
     (f) OPNAVINST 4535.1A
     (g) 10 U.S.C. 1588
     (h) DODI 1100.21 of 11 Mar 02
     (i) DODD 1015.2 of 14 Jun 95
     (k) DODD 1015.10 of 3 Nov 95
     (l) DOD 1401.1-M of Dec 88
     (m) BUPERSINST 5300.10A
     (n) BUPERSINST 5890.1
     (o) DODD 1015.14 of 16 Jul 03
     (p) DODD 1015.8 of 22 Oct 85
     (q) BUPERSINST 7043.1B
     (r) SECNAVINST 1700.11C
     (s) Recreation and Mess Centralized Accounting System (RAMCAS) Handbook
     (t) BUPERSINST 1710.11C
     (u) BUPERSINST 7510.1B
     (v) DOD 7000.14-R of Apr 02
     (w) SECNAVINST 5200.35D
     (x) SECNAVINST 5430.92A
     (y) DODD 1000.11 of 9 Jun 00
     (z) SECNAVINST 5381.5A
     (aa) SECNAVINST 5040.3A
     (bb) OPNAVINST 5000.52A
     (cc) SECNAVINST 7510.7E
     (dd) SECNAVINST 5300.22C
     (ee) SECNAVINST 4001.2G
     (ff) OPNAVINST 4001.1D
     (gg) OPNAVINST 5218.7B
     (hh) SECNAVINST 5100.10H
     (ii) OPNAVINST 5100.25A
1. **Purpose.** To set forth policies, regulations, and procedures for establishment, operation, and administration of Navy Civilian Morale, Welfare and Recreation (CMWR) activities. This instruction is a complete revision and should be reviewed in its entirety.

2. **Cancellation.** BUPERSINST 12990.1.

3. **Policy and Scope.** Chief of Naval Personnel (CHNAVPERS) is assigned responsibilities and further delegates to Navy Personnel Command (NAVPERSCOM) (PERS-65) for Navy CMWR activities by Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN (M&RA)). The provisions of this instruction apply to administration and operation of all Navy CMWR activities.

4. **Discussion.** This instruction amplifies the policies and procedures contained in references (a) and (b) for the operation of CMWR activities and their supporting Nonappropriated Fund Instrumentalities (NAFIs). Any exceptions to the provisions of this instruction or references (a) and (b) require prior approval by NAVPERSCOM (PERS-65).

5. **Action.** Command authorities shall ensure that CMWR activities are operated per the provisions of references (a) and (b) as amplified by this instruction.

6. **Report and Forms**

   a. The reporting requirements contained in this instruction are exempt from reports control per SECNAVINST 5214.2B.
b. DD 2793 (Feb 2002), Volunteer Agreement for Appropriated Fund Activities/Non Appropriated Fund Instrumentalities and DD 2760 (Dec 2002), Qualification to Possess Firearms or Ammunition are available at http://web1.whs.osd.mil/ICDHOME/NICDHOME.HTM.

J. W. TOWNES, III
Rear Admiral, U.S. Navy
Deputy Chief of Naval Personnel

Distribution:
SNDL Parts 1 and 2
MANUAL FOR THE
OPERATION OF
NAVY CIVILIAN
MORALE, WELFARE AND
RECREATION (CMWR) ACTIVITIES
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DEFINITIONS

1. **Activity Manager.** Individual responsible to supervise and control the day-to-day operations of a CMWR activity, e.g., cafeteria, snack bar, vending machines, fitness center, etc.

2. **Automated Information Management System (AIMS).** The centralized accounting system under the control of NAVPERSCOM. AIMS provides a uniform system of accounting for Navy MWR NAFIs. It is used to record, classify, and summarize (in terms of money) transactions and events that are of a financial nature. It has standard financial statement formats to allow the operating results of NAFIs to be compared with each other and is used by CMWR NAFIs as designated by NAVPERSCOM (PERS-65). AIMS uses the double-entry accrual basis of accounting. Per established principles of double entry accounting, equilibrium must be maintained. Every recording of an entry must consist of a debit and an offsetting credit and the total dollar amount of debits must always equal the total dollar amount of credits. Accrual accounting emphasizes matching revenues and expenses associated with each other in the period in which they occur. Generally, accrual accounting contributes to effective financial control over resources, cost of operations, and is essential in developing adequate revenue and cost information.

3. **Appropriated Funds (APFs).** Government monies allocated by Congress for a specific purpose or use, e.g., assets (personnel, money, material, real property) provided from APFs to support MWR functions. CMWR activities receive only common (i.e., indirect) APF support.

4. **Central Successor Civilian NAFI.** The Successor Civilian NAFI at departmental level that has been designated to provide financial support and assistance to all civilian NAFIs within or assigned to the department; to receive and retain or redistribute, as appropriate, excess or residual assets of civilian NAFIs; and to assume any residual liabilities of a dissolved civilian NAFI. NAVPERSCOM (PERS-65) manages the Navy Successor Civilian Central Fund.

5. **Civilian Employee MWR Activity.** An MWR activity, either Category II or Category IV, established at installations where there are sufficient numbers of civilian employees to warrant establishment and that can sustain programs through a NAFI. At most installations, the military MWR activity is able to accommodate the interests and needs of the civilian workforce and a separate CMWR activity/NAFI is unwarranted. When warranted,
CMWR activities are established for the comfort, pleasure, contentment, and mental and physical improvement of Department of Defense (DOD) civilian employees and other authorized patrons. Since APF resources are not to be provided by direct dollar support, the generation of NAF income is indispensable to sustaining all CMWR programs.

a. Category II CMWR Activity. A CMWR activity and its associated NAFI properly established to provide goods and services through resale activities to authorized patrons and to share revenue with designated Category IV CMWR programs.

b. Category IV CMWR Activity. Since the primary patrons are civilian employees, the primary beneficiaries of Category IV MWR programs are civilian employees. Civilian Category IV programs meet MWR needs of military personnel when there are no installation Military MWR programs available. At such locations, the extent of the program must necessarily be within the financial constraints and capabilities of the CMWR NAFI. Most program costs must be borne by the Category IV NAFI, which, in turn, is largely dependent on Category II CMWR NAFI dividends.

6. Civilian Employee NAFI. An integral DOD organization that performs an essential government function. A CMWR NAFI acts in its own name in providing funding support to Category II and IV CMWR activities for civilian employees and other authorized patrons. It is established and maintained unilaterally or jointly by a military department. As a fiscal entity, each CMWR NAFI maintains custody of and control over its nonappropriated funds (NAFs). It is not incorporated under the laws of any State or the District of Columbia and it enjoys the legal status of an instrumentality of the United States.

7. CMWR Director. The chief operating and financial officer of a CMWR organization and its NAFI. Could be located at either or both the installation and regional levels.

8. CMWR Food and Beverage Program. CMWR food and beverage programs are on-base, customer-driven Category II CMWR business activities ranging from cafeterias to mobile canteens. CMWR food and beverage programs promote and maintain the well being, morale, and efficiency of the civilian workforce. CMWR food and beverage outlets may include such services as dining rooms, banquet rooms, catering services, snack bars, delis, cafeterias, and vending operations. CMWR food and beverage outlets are established to supplement, not to compete with, those services offered by military MWR food and beverage activities.
9. **Common Support Services.** Common support services are those that protect the health and safety of all participants, employees, resources, and property on base and provide support that is of a more physical nature, e.g., facility and facility systems maintenance and repair, structural integrity of facilities, fire and security maintenance, handicap accessibility, snow removal, sewage and trash removal. Additional common support services include such services as human resources office (HRO), comptroller, legal, and background check services.

10. **Concessionaire.** A private sector commercial enterprise under contract to an authorized NAFI for providing goods/services.

11. **Custodian.** An individual appointed by written authority to a post of responsibility and trust to exercise administrative and executive control of a CMWR NAFI and charged with accountability for NAF resources.

12. **Decentralized CMWR Activities.** CMWR activities not operating under NAVPERSCOM Recreation and Mess Centralized Accounting System (RAMCAS) or the Accounting and Information Management System (AIMS). Decentralized CMWR activities will normally be authorized by NAVPERSCOM (PERS-65) to use the cash basis accounting method. Under cash basis accounting, revenue is recognized when cash is received from the customer and expenses are recognized when cash is actually paid for the item or service received.

13. **Executive Control and Essential Command Supervision (ECECS).** Those managerial staff functions and positions located above the direct program managerial and operational level of individual CMWR programs that support planning, organizing, directing, coordinating, and controlling the overall operations of CMWR programs. ECECS consists of program, fiscal, logistical, and other managerial functions required to ensure oversight.

14. **Military MWR Program.** The term used by Navy to identify recreation, social and child care activities administered by NAVPERSCOM. Military MWR programs are designed to provide essential MWR mission support services, community support programs, business activities’ programs, as well as programs that will effectively contribute to the morale, well-being, and quality of life (QOL) of Navy personnel (i.e., active duty, ready reserve, DOD civilians, and their family members, as well as other authorized individuals and groups).
15. **Morale and Recreation Programs.** These programs consist of activities, facilities and services to provide recreational and free-time, self-development and general welfare programs for DOD civilian employees and other authorized patrons. CMWR programs are established to supplement, not compete with, similar programs offered by military MWR activities.

16. **MWR Fund.** A NAFI established to provide MWR programs, activities, and services.

17. **NAFs.** Cash and other assets received by a NAFI from sources other than monies appropriated by Congress of the United States, primarily from sale of goods and services to DOD military and civilian personnel and their family members and used to support or provide MWR programs. NAFs are government funds and are used for the collective benefit of Navy personnel who generated them. These funds are separate and apart from funds under the direct cognizance of the Treasurer of the United States.

18. **Navy Installation.** For the purposes of this instruction, real property controlled by Department of the Navy (DON) or occupied by Navy personnel, such as a base, site, building or other location.

19. **On Premises Consumption.** Use or consumption within the confines of Navy installations. Refers to sales restrictions of food, beverages, tobacco, or other consumable, expendable products in quantities of less than a carton, box, or other multi-item container. Specifically excludes authorization for an item to be sold for off-premises consumption.

20. **Private Organization.** A self-sustaining and non-Federal entity (e.g., credit unions, United Services Organization (USO), lodges (fraternal or benevolent organizations), veteran’s organizations, chief’s organization, wives’ clubs, ethnic group affiliations, sports officials’ organizations, scouting organizations, little league) incorporated or unincorporated, and constituted or established and operated on a Navy installation, with the written consent of the base commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Federal government. Private organizations are not NAFIs and there is no official relationship between their activities and those of DOD personnel who are members or participants. Due to the nature of the functions that they perform and the particular characteristics of these organizations, which provide for limited
government supervision, they are not held to be an integral part of the Navy organization.

21. Program Manager. A command or office authorized by the Secretary of the Navy (SECNAV) to administer technical direction and coordinate administrative and managerial control over an MWR group or activity. For example, NAVPERSCOM (PERS-65) is the program manager for Navy’s CMWR Program.

22. Volunteers. Individuals who do not meet the definition of “employee.” Under such circumstances, there is neither an implied nor expressed compensation agreement. Services performed by volunteers are personal services, which, if left unperformed, would not necessitate the assignment of an employee to perform them.
CHAPTER 1

GENERAL PROVISIONS

101. Purpose. This regulation amplifies the policies and procedures governing the establishment, operation, control, and dissolution of Navy CMWR NAFIs contained in reference (a). CMWR NAFIs are functions of DON and financially support the MWR programs developed for DOD civilian employees, as authorized by reference (b). These programs and activities include employee food and other resale, and recreation services to enhance the quality of work-life at DOD installations. This instruction does not apply to conventional office coffee messes that are restricted to beverage and associated pastry/snack items for which charges are made only to offset the cost of items provided.

102. Responsibilities

a. Program Manager. Commander, Navy Personnel Command (COMNAVPERSCOM) is responsible for the general supervision and technical and administrative guidance for all CMWR activities. This responsibility is exercised through NAVPERSCOM (PERS-65). These responsibilities include

(1) establishing MWR program operational policies.

(2) providing technical assistance.

(3) administering system-wide business programs, e.g., centralized accounting, investments, banking, and personnel administration.

(4) ensuring fair distribution and monitoring of NAF resources.

(5) developing fiscal management and control procedures for efficient use of NAF resources.

(6) establishing procedures and instructions for the fiscal oversight and review of NAFIs (e.g., MWR funds and their activities) to ensure their effectiveness in meeting mission requirements and the needs of patrons, and to ensure protection of assets.

(7) oversight, review, and evaluation of the total program, including operations, financial management, and civilian personnel.
(8) administrative support for employee benefits program (e.g., retirement system, worker's compensation, health insurance, unemployment compensation).

(9) updating appropriate regulations and instructions.

(10) approving establishment and disestablishment of CMWR NAFIs.

(11) reviewing audit reports submitted by individual NAFIs.

(12) management and control of the Navy Central Civilian NAF.

(13) distribution of Central NAF assets among CMWR NAFIs as appropriate for their collective interests.

(14) training support for CMWR NAFI employees, supervisors, and managers.

b. Immediate Superiors in Command (ISICs). The chain of command is responsible for the operation of CMWR activities serving Navy civilian employees. This includes continual review to ensure their effectiveness to the same extent as all other elements of command responsibility. CMWR activities shall be included in command inspections conducted per existing instructions. Under their command authority, ISICs will review and inspect all MWR funds within their respective commands to ensure the proper management and efficient use of funds. NAVPERSCOM (PERS-65) can assist by providing technical advice and, when available, assistance in conducting reviews and inspections.

c. Commanding Officer (CO) or Regional Commander

(1) CO or Regional Commander of the host installation is responsible for the administration, supervision, and operation of all MWR programs on the installation. COs or Regional Commanders should rely on their on-base military MWR and similar programs in the local community to the fullest extent practicable in providing MWR programs for the military and civilian workforce. Separate CMWR programs should be established only when the on-base military MWR program/local community programs do not meet local requirements. When CMWR programs are necessary, they should complement, not compete with, authorized military MWR programs which are available for use by civilian employees. CMWR
programs should be regularly reviewed to determine whether current programs should continue, be enhanced, or whether new MWR programs should be established.

(2) COs or Regional Commanders administering CMWR activities must ensure that programs are properly established, administered, reviewed or audited, and operated in a safe and efficient manner, demonstrating the same responsibility for CMWR programs and assets as any other functional element of their command. COs or Regional Commanders are responsible for the financial condition of the activity, including safeguard of assets, and solvency, stability, and disposition of CMWR funds.

(3) At installations with a Category II CMWR NAFI and a Category IV CMWR NAFI, the financial integrity of each NAFI shall be maintained. Funds shall not be combined or consolidated into a single NAFI, military or civilian, without the expressed written approval of NAVPERSCOM (PERS-65). However, this does not preclude combining management of these separate programs under a single MWR manager. In administering CMWR activities, redistribution of CMWR NAFI funds to military NAFIs, and vice versa, is prohibited.

(4) COs or Regional Commanders should use the following alternatives in carrying out ECECS functions:

(a) General oversight of CMWR activities may be assigned to the installation’s appropriated fund HRO.

(b) At installations with a military MWR department, assignment of the military MWR department for general oversight and support of CMWR activities on a mutually agreed basis is encouraged.

(5) COs or Regional Commanders shall complete the review in appendix A at least triennially to determine the need for civilian employee MWR services, activities, and supporting CMWR NAFIs.

(6) COs or Regional Commanders shall provide authorized APF support to CMWR programs to the maximum extent possible. Authorized support is delineated in reference (b) and includes available and useable surplus or excess Government facilities and equipment. For determining APF support, both Category II and Category IV CMWR NAFIs shall be considered Category C MWR activities.
(7) COs or Regional Commanders are to appoint and assure proper orientation of CMWR NAFI custodians, provide for appointment or election of CMWR NAFI advisory boards, and approve or otherwise act on minutes of advisory council/board of governors meetings.

(8) COs or Regional Commanders shall conduct regular fiscal oversight reviews of the MWR activities under their authority.

(9) COs or Regional Commanders shall monitor CMWR activities to ensure their financial success.

(10) COs or Regional Commanders shall advise NAVPERSCOM (PERS-658) and the chain of command when significant irregularities or serious incidents occur involving fraud, mismanagement, or misconduct.

e. Fund Custodians (Fund Managers)

(1) Each CMWR NAFI will be administered by a fund custodian appointed in writing by the CO or Regional Commander. The custodian will follow the guidance contained or referenced herein/provided by the CO or Regional Commander. Custodians will normally be civilian employees. Since they are responsible for the financial affairs of the fund, custodians shall have a working knowledge of accounting principles and be capable of managing funds. In their fiduciary capacity, custodians are responsible for receiving, safeguarding, disbursing, accounting for, and otherwise administering the financial affairs of the fund. Custodians shall monitor budgets and financial performance for compliance during the operating fiscal year, and ensure adjustments are made, as required.

(2) In their administrative capacity, custodians will serve on the governing council without vote, assist the chairperson to prepare for and conduct council meetings, implement or ensure implementation of approved council actions, and supervise or ensure proper supervision and administration of the NAFI work force.

(3) The Dual Compensation Act prohibits full-time civilian APF or NAF employees with a scheduled tour of 40 hours per week from being employed in an additional paid position by an instrumentality of the U.S. Government (e.g., a CMWR NAFI). A full-time APF or NAF civilian employee of the United States
Government may be assigned collateral duties as fund custodian but may not be given additional compensation for these additional duties.

(4) A NAF employee may be employed by the CMWR activity to serve as custodian (fund manager).

(5) Personnel charged with the audit or inspection of NAFIs or whose duties entail the disbursement of public funds will not be appointed custodian or assist in custodian duties.

(6) If the custodian is to be absent for more than 30 but not more than 60 days, the CO or Regional Commander may appoint an acting or interim custodian to conduct the operation of the fund.

(7) Personnel responsible for custody of funds at NAF activities will be bonded by the NAFI concerned.

f. CMWR Director. The CMWR director is the chief operating officer of the CMWR activity and is often assigned responsibilities as fund custodian. The CMWR director is accountable to the CO or Regional Commander for the program content, financial integrity, health, and accomplishment of the CMWR mission. The CMWR director/fund custodian (manager) shall be designated in writing by the CO or Regional Commander, as the overall administrator and manager of the MWR program. The general financial duties of the CMWR director are set forth in section C030101D of appendix C to reference (c).

103. Establishment, Continuance, and Disestablishment

a. Establishment

(1) A CMWR NAFI shall be established only upon the written authorization of NAVPERSCOM (PERS-65).

(2) Requests for establishment (and continuance of any previously unauthorized CMWR) must be submitted via the administrative chain of command and the host command where situated, and include the following information:

(a) Purpose and requirement for the NAFI, including explanation of why the existing MWR program (military and civilian) and similar off-base commercial facilities, programs, and services are insufficient to accommodate the MWR requirements of the civilian workforce.
(b) Number of persons to be employed or on duty at the installation by grouping, i.e., APF civilian employees (as authorized), NAF employees, military personnel (as authorized), employees of tenant Federal agencies, contractor employees working full time on the installation, and all others.

(c) Number of persons, by groupings, for which the services are required. Military personnel may be included in the justification only if little or no military MWR program exists on the installation. Also, furnish this information for a building or area of the installation if a CMWR Category II food service resale activity is to be so concentrated.

(d) Space criteria allowances, availability of facility space and surplus Government equipment, and estimate of APF support authorized and budgeted for the current and following full fiscal year.

(e) Proposed CMWR activities and services together with a complete list of products or items to be sold and the proposed estimated prices on which financial projections are based. Explain the proposed method of operation, i.e., direct or in-house basis, indirect or contract basis, or by a combination of the two.

(f) Any additional information supporting the request. This may include customary practices of private employers in competing labor market areas, unusual employee recruitment problems the request is expected to alleviate, and any other employee morale considerations.

(3) Under normal conditions, the host command is responsible for administering CMWR programs for all civilian employees of the host installation, its tenant commands, and those off-site commands with civilians assigned in close proximity of the host command. Unless specifically authorized by NAVPERSCOM (PERS-65), CMWR activities/NAFIs shall not be operated by tenant commands or activities. In those instances where a separate CMWR program is requested by a tenant command, special circumstances/justification for such action must be included in the request. In addition to the normal chain of command, all requests must be forwarded via the host command and its chain of command.
b. Continuance

(1) Installation roles and missions change, thereby affecting personnel demographics. Numbers, physical locations, and composition of civilian employees and military groupings may affect the patron base and, thus, the financial health of established CMWR NAFIs. The two principal criteria for continuance of a CMWR NAFI within the same scope of MWR activities are

(a) a continuing CMWR program need exists to serve the authorized patron base.

(b) the CMWR activity is projected to remain financially viable and capable of fulfilling both its financial and MWR program commitments.

(2) Each CMWR activity shall be reviewed not less than every 3 years (triennially) to assess the continued need and to verify the program is qualified within the standards of (1), above.

c. Disestablishment

(1) CMWR NAFIs shall be disestablished in writing by NAVPERSCOM (PERS-65). Requests for disestablishment must be submitted to NAVPERSCOM (PERS-65) via the appropriate chain of command, to include the host installation commander in those cases where the CMWR NAFI is not administered by the host installation commander. Redistribution of NAF assets will be directed by NAVPERSCOM (PERS-65). Distribution of CMWR NAFI funds to military MWR NAFIs is prohibited by reference (b). When disestablishment of a CMWR NAFI is contemplated, the CO or Regional Commander, through the CMWR NAFI custodian and advisory board, will take action to ensure against unmanaged dissipation of assets, unnecessary expenditures, and other wanton actions. Disbursements will be limited to the most essential operating expenses; future commitments will be cancelled; and contractual agreements will be phased out, cancelled, or renegotiated, as appropriate. It shall be the objective of the CMWR NAFI to conserve the assets of the NAFI to ensure their use by other CMWR NAFIs within the Echelon 2 command, or by the CMWR NAFI system. The following disestablishment and dissolution actions will be taken at the appropriate time:

(a) Notify the responsible Echelon 2 command and NAVPERSCOM (PERS-658) of the proposed actions and dates.
(b) Act on employee terminations/transfers per applicable NAF personnel procedures.

(c) Collect all receivables.

(d) Liquidate outstanding obligations in an orderly manner.

(e) Redistribute or dispose of property per sections 321 and 322 of this instruction.

(f) Perform a terminal audit. Terminal audits may be conducted by local or regional over site functions with the approval of NAVPERSCOM (PERS-65).

(2) When dissolution occurs because the installation is converted to a contracted operation, CMWR NAFI assets will not be transferred to the APF property accounts or used by the contractor without the advance concurrence of the Echelon 2 commander and approval of NAVPERSCOM (PERS-65). Approval for transferring assets will not be given where the predominant work force will be contractor employees. Excess CMWR assets that result from conversion to contractor operations will be redistributed to CMWR NAFIs at other locations for the collective benefit of Federal employees.

(3) As a successor in interest, NAVPERSCOM may take steps to disestablish any CMWR activity when it is unable to pay its annual operating assessment or provide proof of, or payment for, casualty, liability, and bonding insurance. It is the command’s responsibility to ensure payment of assessments and insurance premiums are kept current. Every effort will be made to communicate and coordinate collection of payments before NAVPERSCOM initiates formal disestablishment procedures.

(4) Upon completion of all disestablishment and dissolution actions, residual CMWR NAFI cash assets will be forwarded to NAVPERSCOM (PERS-658) together with an information copy of the required terminal audit of the NAFI. Action copies of terminal audits shall be forwarded through the chain of command.

104. Operating Principles

a. Federal Instrumentality Status. The services, activities, and facilities provided through CMWR programs and NAFIs are integral functions of DON.
As such, they are entitled to the immunities and privileges enjoyed by the Federal Government under the Constitution, Federal statutes, established principles of law, and international treaties and agreements.

b. Controls and Supervision. The operation and administration of CMWR NAFIs are exercised through command channels. Per DOD policy, overall managerial control and supervision is exercised through ECECS.

c. Federal Civilian Employees to Benefit. Civilian employee MWR programs and activities, coupled with their supporting NAFI resources, are established and operated to serve the needs and interests of all Federal employees on DOD installations. CMWR NAFI programs are also intended to contribute to the recruitment and retention of the civilian work force. Employee benefits are derived through participation in CMWR programs. CMWR activities will not be operated for the financial profit of any person, group, or combination of persons. No individual will have any financial interest or right, in any manner whatsoever, in any property used, acquired, or held in the operation of a CMWR activity. CMWR NAFIs will not engage in fundraising efforts or make financial contributions for any charitable causes.

d. Limits of Control and Individual Responsibility. The control and supervision of DOD NAFIs at all organizational levels entails a system of administration not comparable to operations in the private sector. The standards of conduct, prescribed in references (d) and (e), are required of all Federal employees, including NAFI employees, and are directed toward the elimination of fraud, waste, and abuse. Implementation of these standards by NAFIs limits an individual's responsibilities, such as in NAF purchasing or in NAF accounting transactions. Internal controls stress the interdependence of financial transaction steps that are built on the checks and balances inherent in NAF accounting systems. These characteristics of the NAFI system must be fully understood in the implementation of this and other applicable regulations, particularly in the resale operations of the Category II food service and other authorized resale activities.

e. Overall Management Guidelines. CMWR NAFI operating policies, procedures, and guidelines are based on public laws, DOD, SECNAV, Office of the Chief of Naval Operations (OPNAV), Bureau of Naval Personnel (BUPERS) and NAVPERSCOM regulations. These laws, policies and guidelines are designed to maintain integrity and contribute to effective and efficient management. Policy and guidelines are also intended to achieve economy in the
use of resources and equitability in providing needed MWR programs for the Federal civilian work force.

f. Health and Fitness Programs. Employee participation in health and fitness activities conducted either on base or in the civilian community is encouraged and supported. CMWR activities are effective tools for implementing civilian employee health promotion and fitness programs on the installation.

105. Standard Operating Procedures (SOPs). SOPs should be developed for all CMWR programs and functions to ensure consistency in process, procedures, and operations. The SOP should address such elements as goals and objectives, fees and charges, hours of operation, reservation/rental procedures, safety regulations, patron eligibility, emergency procedures, opening and closing procedures, cash handling, etc.

106. Joint Funding with Military MWR NAFIs

   a. Civilian and military MWR NAFIs may collaborate and jointly fund or provide assets in support of an authorized MWR event or activity for which there is common participation or utilization provided that such participation is on an equitable basis. In order to achieve equitability, the CMWR NAFI patronage priorities must be integrated with the military MWR patronage priorities. For example, DOD civilian employees working on the installation will have equal priority and an identical (equal) pricing structure for the jointly funded activity or event offered to active duty military personnel assigned to the same installation.

   b. The installation commander will designate one of the participating MWR NAFIs as the fiscal agent for joint support. This includes the receipt of, accounting for, and protection of joined assets, and the transfer and disbursement of cash assets at the appropriate time, if applicable.

107. Vending Facility Program for the Blind

   a. The Randolph-Sheppard Vending Stand Act, 20 U.S.C., section 107, as amended, accords specified priorities, through State licensing agencies, to blind persons in operating vending facilities. It provides for the sharing of certain income from NAFI vending machine sales under specific conditions. It also contains provisions for a suitable site for a sale outlet to be operated by blind persons when a building is constructed, leased,
or renovated by the Federal government. These statutory requirements are prescribed in more detail in reference (f).

b. Vending machine income generated by CMWR activities will be shared with State licensing agencies for the blind. Sufficient procedures will be implemented to provide for the collection of, and accounting for, such vending machine income and for otherwise ensuring compliance with the requirements of this act.

(1) Vending machine income-sharing requirements are as follows:

(a) One hundred percent of the vending machine income from vending machines in direct competition with blind-operated vending facilities will be provided the State licensing agency.

(b) Fifty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities will be provided to the State-licensing agency.

(c) Thirty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities and located where at least 50 percent of the total hours worked on the premises occurs during other than normal working hours will be provided to the State licensing agency. Normal working hours are defined as an 8-hour period between the hours of 0800 and 1800 hours, Monday through Friday.

(2) The determination of whether a vending machine is in direct competition with the blind-operated vending facility is the responsibility of the CO or Regional Commander; subject to the concurrence of the State licensing agency.

(3) These vending machine income-sharing requirements do not apply to

(a) income from vending machines operated by or for the Navy Exchange.

(b) income from vending machines, not in direct competition with a blind-operated vending facility, at any individual location, installation, or facility where the total income of machines at such individual location, installation, or facility does not exceed $3,000 annually.
(4) The payment to State licensing agencies under these income-sharing requirements must be made quarterly on a calendar year basis. Quarterly payments will be made within 60 days after expiration of the applicable calendar quarter.

c. To comply with the revenue-sharing requirements of the Randolph-Sheppard Vending Stand Act, CMWR fund custodians will maintain the information below on a current and accurate basis. Custodians will verify any information furnished by the servicing accounting office.

(1) For both direct and indirect (contractor-operated) vending machines.

(a) Current inventory of all vending machines by building designation (name or number) and where sited within or outside the building (e.g., entrance, loading dock, or third floor rear).

(b) Products vended and resale price of each product.

(c) Monthly sales by machine and total sales per building.

(d) Total income subject to sharing with the State-licensing agency, by month per building.

(e) Amount due the State-licensing agency, by month.

(2) For direct vending machine operations.

(a) Monthly net income by machine and total per building.

(b) Monthly pro-rated expenses by machine and total per building.

(3) For indirect (contractor-operated) vending machines.

(a) Monthly net commission income paid by the contractor, by machine and total per building.

(b) Any monthly pro-rated NAF expense associated with contract management, such as utilities, accounting, and procurement.
c. COs or Regional Commanders shall submit a fiscal year-end report in the format of appendix B, listing the total number of vending facility applications, the number approved, the number denied, the number pending, the total amount of vending machine income collected and the amount of such vending machine income disbursed to each State. COs or Regional Commanders shall submit this data to NAVPERSCOM (PERS-658) no later than 15 November of each year covering the previous fiscal year’s (1 October - 30 September) program.

108. Recruiting, Training, and Accepting Volunteer Services

   a. Reference (g) authorizes Service Secretaries to recruit, train, and accept the services of volunteers in support of family support programs, child development and youth services programs, library and education programs, and all other MWR programs. Reference (h) describes the conditions under which voluntary services may be accepted, the responsibilities of accepting officials, and the Government support of authorized volunteers when performing their official duties. The following conditions must be met when accepting volunteer services:

      (1) Volunteers shall not be placed in policy-making positions, roles, or situations; supervisory positions, roles or situations over compensated government (NAF or APF) employees; or receive cash awards or compensation for services rendered.

      (2) Volunteers shall not perform duties for which there is an unfilled manpower requirement, circumvent the NAF or civil service personnel systems, or for which funding has been provided to hire staff or obtain services by contract, or perform dangerous duties that renders the volunteer unusually susceptible to injury or to causing injury to others.

      (3) Volunteers shall be licensed, privileged, or appropriately credentialed, as would an employee performing the same or similar assigned duties.

      (4) Volunteers must be supervised to the same extent as a compensated employee providing similar services.

      (5) Volunteers are authorized NAF reimbursement for incidental expenses incurred as a result of the services rendered. Examples of incidental expenses may include parking fees and tolls, general admission costs, subsistence, and lodging expenses incurred by the volunteer during the provision of volunteer services. COs or Regional Commanders accepting
voluntary services may provide reimbursement for incidental expenses not normally provided to employees. Reimbursements may include, but are not limited to, long distance telephone calls, commuting, and childcare. This applies when such reimbursements are determined to be necessary to obtain the voluntary service and are reasonable in amount and in relation to the value of the voluntary services benefiting the activity.

(6) Volunteers will be provided with a clear, written description of the duties and scope of responsibilities to be performed. Volunteer orientation and training is authorized to familiarize volunteers with the organization, their assigned duties, and the command’s procedures to document the type and number of hours of voluntary services provided, and other relevant matters.

(7) Parental consent, in writing, is required for all unmarried volunteers less than 18 years of age. Volunteers under the age of 16 years of age shall not be accepted. Additional State and local law requirements may also apply.

b. Under reference (g), a person providing properly accepted voluntary services to a NAFI shall be considered an employee of the Federal government for worker’s compensation only with respect to services that are within the scope of the services so accepted. Refer to reference (g) for instructions on determining the amount of compensation payable. Additionally, volunteers acting within the scope of the services accepted under this action will be treated as Federal employees for the purposes of determining liability under the Federal Tort Claims Act.

c. All volunteers for NAF activities shall sign a volunteer services agreement. A sample is provided at appendix C. The agreement must be completed before an individual is allowed to provide volunteer services. All volunteer services must be accepted by the CO or Regional Commander on behalf of the Navy. It is the CO or Regional Commander who makes the volunteer available to the MWR activity. Upon completion of service, the dates of volunteer service shall be documented (see part IV of the sample volunteer services agreement provided at appendix C). A copy of the signed volunteer agreement shall be given to the volunteer prior to commencing volunteer services.

d. Appendix C also serves as the command’s and the volunteer’s record of volunteer services. Per reference (h), the supervisor must complete the bottom portion of appendix C,
provide a copy to the volunteer, and maintain a copy at the command for proof of volunteer services.

e. CMWR directors do not have independent authority to enter into a volunteer services agreement. Only when CMWR directors have competent "by direction" signature authority from the installation CO or Regional Commander, and the CMWR director is authorized to sign such agreements on behalf of the CO or Regional Commander, may the CMWR director sign a volunteer services agreement. CMWR directors shall maintain on file a copy of the "by direction" authority letter signed by the CO or Regional Commander.

109. CMWR Advisory Councils

a. Duties. Civilian employees, elected or appointed to a representational body or council, shall provide overall guidance/broad recommendations in the management of the CMWR program, its activities, and its supporting NAFI. CMWR advisory councils do not have management, administrative control, or custody of CMWR funds. These boards or councils will act in an advisory capacity and shall not be involved in the day-to-day operations of the CMWR NAFI. The CMWR board or council is responsible for reviewing and recommending to the CO or Regional Commander, budgets, plans, policies, and procedures for the operation of the CMWR NAFI. Council members must be full-time civilian employees of the activity and may not be contractor employees. Written minutes of each meeting shall be submitted to the CO, Regional Commander, or the authorized designee for approval. The CO or Regional Commander will assign to the board or council responsibility for developing, recommending, and overseeing plans, policies, and procedures of the CMWR NAFI within the provisions of these regulations. Actions of these bodies are subject to the final decision of the responsible commander.

b. Composition. At the discretion of the CO or Regional Commander, members of the CMWR advisory council may be elected, appointed, or a combination thereof. The CMWR advisory council/board will choose a chairperson and a recorder from its voting membership. Custodians of the CMWR NAFI or their representative may serve as the recorder without vote. The CO or Regional Commander may augment the board with non-voting attendees with special expertise (e.g., legal, procurement, financial management, or military MWR employees). Individuals involved in the audit or inspection of the NAFI may not serve as members of the CMWR advisory council/board.
c. **Compensation**. No individual will receive any compensation, special benefits or consideration for serving as a member of a CMWR council/board.

d. **Involvement**. A council/board may be formed for each civilian NAFI. A single combined civilian NAFI council/board may be established to maintain oversight of the individual NAFIs; however, the financial integrity of each CMWR activity shall be maintained. In the event there are no military MWR activities available and the civilian NAFI supports both civilian and military MWR programs, a minimum of one military member will be appointed to serve on the CMWR council/board. The number of military council/board members may be increased in direct proportion of the installation military population to the Federal work force of APF and NAFI employees.

110. **Use of Official Time by Civilian Employees**. The use of official duty time by civilian employees for management support to CMWR activities and NAFIs is authorized on a selective and occasional basis.

a. The use of an APF employee’s official duty time in conjunction with the administration of CMWR NAFIs is limited to incidental or collateral responsibilities associated with ECECS.

   (1) CMWR NAFI board or council membership duties are a part of ECECS and may be included in official position descriptions.

   (2) CMWR NAFI custodian and activity management functions that are separate from either daily working-level tasks or the direct operation of the MWR activity and its associated NAFI are also considered ECECS functions.

b. The exclusion of operating functions and the limitations on use of official time for ECECS duties are based on reference (i). APF support policy for MWR, specifically personnel-related expenses, can be found in references (j) and (k).

111. **Status of NAFI Employee**. Reference (l) provides that all NAFI employees are “Federal employees within DOD.” However, because they are paid from NAFs, they are administered under a personnel system separate from that for APF employees and the Office of Personnel Management (OPM).
a. Laws or regulations administered by OPM do not apply to NAFI employees, except as provided in 5 U.S.C., section 2105, or as administratively adopted by DOD or Navy regulations.

b. Reference (l) prohibits a personal services contract from being used when a NAFI job requirement is for employment on a continuing basis. Civilian NAFI personnel guidance is further provided in reference (m).

c. If otherwise eligible and qualified, enlisted military personnel may be voluntarily employed after duty hours and on a part-time or intermittent basis, and will be recruited, employed, and administered as prescribed for in NAFI personnel regulations.

### 112. Services Contracts

a. A NAFI may pay a full-time APF, NAFI civilian employee, or a military member, including an officer, through a services contract on a one-time or short-term basis for services performed during non-duty hours. Such contract services must require special skills, talents, or certifications that are not normally held by NAF employees. Examples include sports officials and instructors in recreational or educational activities.

b. A services contract is a written agreement between an individual and the NAFI. No employer-employee relationship is created.

c. Services contracts may not be used to effect an appointment to a job that requires employing an individual on a continuing basis. Such positions will be graded and paid under the appropriate NAF pay schedule. Independent contractors do not qualify for NAF benefits coverage. NAFIs must include a benefits waiver clause in all contracts for outside help. Additionally, benefits coverage is not provided for private organizations, concessionaires, or any individual/organization not officially designated for being under the program management of a NAFI under the cognizance of NAVPERSCOM (PERS-65). Independent contractors must be independently insured and are not covered under the NAVPERSCOM MWR Self-Insurance Program for casualty or liability. See reference (n) for more information on insurance requirements for independent contractors.

d. Additional information on services contracts is provided in reference (m).
113. Receipts and Disbursements

   a. Receipts and disbursements of CMWR NAFIs will be limited to those prescribed in or authorized by this instruction.

   b. Transfers or payments to military MWR NAFIs will be only for joint event/activity funding, goods purchased, or services rendered. Such transfers will take place only when payment to the outside vendor or concessionaire is due.

   c. CMWR NAFI assets will not be disbursed, transferred, or otherwise distributed to private organizations or charities. Contributions to private fund-raising causes or charities are an employee’s personal decision, and reference (o) prohibits NAFIs from contributing or disbursing their assets for such purposes.

   d. Individuals, organizations, installations and commands have no proprietary interest in Category II and IV NAFI assets. Benefits are to be derived through employee participation in these programs.

114. Requirement to Disestablish and Dissolve. MWR NAFIs are established and continued for the sole purpose of assisting in the funding of MWR programs. If the program need or the requirement for funds no longer exists, the NAFI will be promptly disestablished per section 103c of this instruction.

115. Transfer of Installation Jurisdiction or Control. When control of an installation is transferred to a military department other than DON, or to another U.S. Government department or agency, the disposition of CMWR NAFI assets or liabilities will be determined through negotiation. These negotiations will ensure a fair and equitable distribution of assets in consideration of Federal employee CMWR requirements of the effected installations, and will be approved by NAVPERSCOM (PERS-65). Negotiations will be based on the following:

   a. If DOD civilian employee MWR programs are to be continued at the same level, NAFI assets may be transferred to the gaining department or agency.

   b. If the CMWR programs are to be reduced, NAVPERSCOM (PERS-65) may authorize a proportionate share of NAFs to remain at the DOD installation.

   c. If CMWR programs are to be discontinued, or if transfer is to be outside the DOD, residual NAFI assets will be
transferred as determined and directed by NAVPERSCOM (PERS-65), serving as successor in interest.

d. Prior written approval of NAVPERSCOM (PERS-65) is required for the following situations:

(1) Asset transfer to other than a CMWR NAFI.

(2) Transfer is contemplated at only nominal or no financial consideration.

(3) Asset transfer includes transaction totals of $5,000 or more in cash and investments/$50,000 or more in fair market valuation of all serviceable NAFI property involved.

116. Intra- and Inter-Service Support. CMWR activities will be made available to all eligible personnel per the patronage criteria in section 117 of this instruction. Personnel of tenant organizations will be accorded the same priority as those of host organizations. COs or Regional Commanders will ensure that NAF resources are applied to common installation programs, rather than separate host/tenant activities.

117. CMWR Program Priority Guidance. COs or Regional Commanders must conduct a survey of patron interests and an inventory of MWR activities at least triennially. Both on-base and off-base facilities will be evaluated in such terms as patron eligibility, financial and economic considerations, accessibility, and the work site environment. The following guidance applies to Category II and IV CMWR activities and the NAFIs that support them:

a. Indispensable MWR Activities. The Office of the Secretary of Defense (OSD) has limited these to MWR activities established and continued for military personnel in close relationship to the military mission. No CMWR activities are categorized as an indispensable MWR activity.

b. Essential CMWR Activities

(1) These are the minimum installation programs normally available as a necessary fundamental core of services for civilian employees. Such services make a major contribution to the physical, mental, and social well being of the civilian work force. In reviewing programs to determine whether on-base CMWR programs should be established, continued, or enhanced, or whether new MWR programs be established, the accessibility and
capabilities of existing Navy Exchange and military MWR programs and services, on base commercial alternatives, or civilian community MWR alternatives, as well as current and planned military and CMWR programs of adjacent DOD installations, shall be considered. Installations should rely on local community programs to the fullest extent practicable. Separate CMWR installation programs should be established only when the local military and off-base community programs do not meet local installation requirements or when such alternatives are not cost-effective.

(2) Consistent with section 103b(1), above, the following CMWR-related services are considered essential, due largely to mission or location:

(a) The food service portion of Category II dining/vending activities when such services to the civilian workforce cannot be satisfactorily met through on-base military exchange and MWR food services, on-base commercial food service outlets, or food services in the local community. This does not include resale of products not essential to mealtime or workshift food services, e.g., snacks, confections, refreshment beverages, and similar items.

(b) Category II and IV CMWR programs at locations where a small military population exists and it may necessitate closing military MWR activities and dissolving the military NAFI.

c. Desirable CMWR Activities. These include all remaining Category II and IV MWR activities not classified as "essential," and whose base of support, appeal, or participation is less critical to morale. The availability, convenience, and adequacy of on-base military MWR programs and private and public MWR-type resources in the local communities where Federal civilian employees live are key factors.

118. Emergency Preparedness. In planning for mobilization and deployment, disaster, or other major emergencies, continuance of established civilian NAFIs and MWR programs will be considered. These programs may be altered or interrupted, depending on the nature of the emergency or mobilization. However, the provision of safe and healthful food services for civilian employees during these emergency conditions is vital. Category II CMWR food service functions should continue as long as the responsible commander or regional director considers it feasible. Within available resources, Category IV CMWR activities can be
reoriented from social and recreational to welfare, relief, and other emergency support as needed.

119. Reporting Requirements. Commands operating CMWR activities will forward certified CMWR activity annual financial statements, annual vending income reports, payment of CMWR activity annual assessments, and payment for liability/bonding insurance, as applicable, to NAVPERSCOM (PERS-658) by 15 November of each year. For regionalized CMWR operations, commands will submit the required reports to the Regional Commander, who will prepare and submit a consolidated report.

120. Personnel Administration. Reference (m) provides for the administration of civilian NAFI employees and volunteers.

121. Authorized Patronage. The primary purpose of the CMWR program is to ensure that adequate programs, activities, and facilities of a food service or recreational nature are available to enhance morale and promote the general welfare of the civilian work force and other authorized patrons. The following table lists groups authorized to use CMWR activities. If CMWR facilities and programs cannot accommodate all authorized patrons, the CO or Regional Commander determines specific use priorities in the following order:

a. Use of Category II CMWR Resale and Revenue Sharing Activities

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AUTHORIZED GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DOD civilian employees and family members</td>
<td>• Both APF and NAF, and retired DOD civilians.</td>
</tr>
<tr>
<td>2. DOD contract personnel and technical representatives</td>
<td>• Working on the installation.</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>AUTHORIZED GROUP</td>
</tr>
<tr>
<td>----------</td>
<td>------------------</td>
</tr>
</tbody>
</table>
| 3. Armed Forces and their families | • Members on active duty.  
• Retired from active duty.  
• Retired from the Reserves with Pay, and retired without pay (gray area).  
• Members of the Reserve Components (Ready Reserve and National Guard; Reservists in training).  
• Delayed Entry Personnel (DEP).  
• Cadets of Service Academies.  
• Members of the Coast Guard.  
• Commissioned Corps of the Public Health Service.  
• Commissioned Corps of the National Oceanic and Atmospheric Administration on active duty. |
| 4. Former/surviving spouses and family members of Armed Forces Personnel | • Unremarried surviving spouses of personnel who died while on active duty or while in retired status.  
• Unremarried former spouses who were married to military members for at least 20 years while the military member was on active duty to the Armed Forces.  
• Orphans of military members, when not adopted by new parents, under 21 years old (or over if they are incapable of supporting themselves, or 23 years old if they are in full-time study). |
| 5. Others separated from the Armed Forces and their family members | • Honorably discharged veterans with 100 percent Service-connected disability.  
• Involuntarily separated servicemembers under the Transition Assistance Management Program.  
• Personnel separated under the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) programs for 2 years after separation.  
• Medal of Honor recipients. |
### CATEGORY AUTHORIZED GROUP

6. **Guests**

- Authorized visitors to the installation. Individuals who are not otherwise eligible to use CMWR programs, when specifically invited and accompanied by an authorized patron. Installation COs or Regional Commanders approve local rules governing the number of guests and the frequency of use at specific facilities.

#### b. Category IV CMWR Recreation Activities

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AUTHORIZED GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. DOD civilian employees and family members</td>
<td>Both APF and NAF.</td>
</tr>
<tr>
<td>2. DOD contract personnel and technical representatives</td>
<td>Working on or logistically supported by the installation.</td>
</tr>
</tbody>
</table>
| 3. Armed Forces and their families | Members on active duty.  
  - Members of the Coast Guard.  
  - Members of the Reserve Components (Ready Reserve and National Guard; Reservists in training).  
  - Delayed Entry Personnel (DEP)  
  - Cadets of Service Academies.  
  - Commissioned Corps of the Public Health Service.  
  - Commissioned Corps of the National Oceanic and Atmospheric Administration on active duty. |
| 4. Armed Forces retirees and family members | Retired from active duty.  
  - Retired from the Reserves with pay, and retired without pay (gray area). |
### CATEGORY  
#### 5. Former/surviving spouses and family members of Armed Forces Personnel
- Unremarried surviving spouses of personnel who died while on active duty or while in retired status.
- Unremarried former spouses who were married to military members for at least 20 years while the military member was on active duty to the Armed Forces.
- Orphans of military members, when not adopted by new parents, under 21 years old (or over if they are incapable of supporting themselves, or 23 years old if they are in full-time study).

#### 6. Others separated from the Armed Forces and their family members
- Honorably discharged veterans with 100 percent Service-connected disability.
- Involuntarily separated servicemembers under the Transition Assistance Management Program.
- Personnel separated under the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) programs for 2 years after separation.
- Medal of Honor recipients.

#### 7. Retired DOD civilians and family members
- Both APF and NAF.

#### 8. Guests
- Individuals who are not otherwise eligible to use CMWR programs, when specifically invited and accompanied by an authorized patron. Installation COs or Regional Commanders approve local rules governing the number of guests and the frequency of use at specific facilities.

c. Armed Forces patron groups in the tables at sections 117a and 117b, above, shall enjoy the same priority as DOD civilian employees and family members when there are no military MWR programs available for military personnel at the installation.
d. Accompanied guests and authorized visitors to the installation may participate in recreational and athletic activities, but may not purchase merchandise, other than food, beverages, and vending machine items.

e. Foster Children and Au pair Foreign Nationals. Foster children of authorized CMWR patrons and unaccompanied au pair foreign nationals residing with authorized CMWR patrons who are their sponsors, are authorized access to CMWR facilities on the same basis as their sponsor. For purposes of CMWR patronage, the following definitions apply:

(1) Foster Child. A child, other than a sponsor’s biological or adopted child, who is residing in a sponsor’s home, and whose care, comfort, education, and upbringing have been entrusted to the sponsor on a temporary or permanent basis by a court or civilian agency, or by a parent of the child.

(2) Au pair Foreign National. A young adult, 18-26 years of age, from another country, accepted by a United States Information Agency (USIA)-approved au pair organization, and afforded the opportunity to learn and live with a military family within the United States while attending an accredited post-secondary institution of higher education for not less than 6 hours of academic credit or its equivalent. The host family assumes responsibility for the au pair’s room and board, remuneration for childcare services provided, and other contractually agreed upon expenses for the duration of a minimum period of 12 months as is required by USIA. These au pair foreign nationals are authorized access to CMWR facilities.

122. Identification of Patrons. Official DOD identification cards/badges or locally approved identification procedures shall be used to verify patron eligibility and relative priority, as required. No verification of identification is required for use of Category II CMWR food service facilities or vending machines.
CHAPTER 2

AUTHORIZED PROGRAMS AND ACTIVITIES

201. Types of CMWR Activities. CMWR activities are categorized based on their functional and financial characteristics per reference (p). APF entitlement to CMWR activities is contained in reference (b). CMWR activities receive only common (i.e., indirect) APF support. Common support are those that protect the health and safety of all participants, employees, resources, and property on base and provide support that is of a more physical nature, e.g., facility and facility systems maintenance and repair, structural integrity of facilities, fire and security maintenance, handicap accessibility, snow removal, sewage and trash removal. Additional common support services include such services as HRO, comptroller, legal, and background check services.

202. Category II CMWR Activities (Income-Generating and Resale Activities)

a. Category II CMWR NAFIs have the three-fold mission of selling merchandise and services, sustaining themselves, and sharing income. This financial relationship is based on references (o) and (q). Coordinated planning, programming, and budgeting between Category II and IV CMWR NAFIs is essential. Competition by a Category IV CMWR NAFI with the resale mission of the Category II CMWR NAFI undermines the generation of food services income and reduces the amount of revenue to be shared. Conversely, valid income needs of the Category IV CMWR NAFI must be recognized in the financial planning/budgeting process of the Category II CMWR NAFI.

b. Category II CMWR activities are those functions that have the capability of producing revenue through resale and services to authorized patrons. The food service portion of civilian revenue-producing activities is considered an essential MWR function. Although civilian employee food and vending services are the major revenue producers, other MWR activities are included when goods and services, directly related to the purpose of the activity, are sold.

   (1) Sale of Merchandise

      (a) Food in prepared form for on-premise and take-out service, and delivery of individual orders.
(b) Essential toilet articles, only when the local NEX is closed or not available and at a price no less than the NEX selling price for the same product.

(c) Sundry merchandise such as candy, newspapers, souvenir items with the CMWR food and beverage activity logo, e.g., T-shirts, hats and cups. Sale prices of these items will be no less than NEX prices.

(d) Tobacco products, subject to the following restrictions:

   1. To those MWR food and beverage activity patrons at least 18 years old who are authorized NEX privileges. Limit of two packages per day at a price no less than the NEX single package-selling price. A customer's identification will be checked if the buyer's age is not known to be over 18, and appears to be under 27.

   2. Resale activities will not sell single cigarettes or packs containing fewer than 20 cigarettes, provide free samples of any tobacco product, give any gift or "give-away" item in exchange for a tobacco "proof of purchase" or as part of a tobacco sale, or sell tobacco products in other than a face-to-face exchange, i.e., sales may not be made by vending machine or by mail.

(2) Catering Services. MWR catering services is normally a function of the host installation's military MWR program. The general policy is that CMWR food and beverage activities shall not compete with the military MWR’s catering program.

   (a) CMWR activities must obtain prior approval of the host installation CO or Regional Commander to provide catering services, including the on-base locations where such catering services will be offered.

   (b) For patrons off the installation, CMWR catering activities are limited to preparing food items, nonalcoholic beverages, supplies, and rental of various items for pick-up at the MWR food and beverage activity by the patrons or their representative. This pick-up may consist of complete meals, reception items, etc., and is not limited to customary party trays.

c. Unless otherwise authorized, CMWR NAFI resale operations (including civilian food services and vending machines located in
Category IV civilian recreation facilities) are to be conducted by Category II CMWR NAFI.

d. Each activity must generate sufficient NAF income to be operationally (i.e., financially) self-sustaining. The revenue-producing activity should also generate sufficient overall income to disburse a budgeted portion to the Category IV CMWR activity. The availability, convenience, and adequacy of NEX, on-base military MWR, and similar private and public MWR food service outlets that are conveniently accessible in the local community should be considered prior to establishing an on-base CMWR food service operation.

e. The command may contract for some or all of its CMWR resale operations, e.g., food service operations, food service and vending machine operations, vending machines operations only, etc. Contracts will be processed per reference (q). In soliciting contracts for food service/vending machine operations, the provisions of the Vending Facility Program for the Blind on Federal Property, as addressed in reference (f), must be thoroughly reviewed and followed where applicable. The local Navy Exchange will be included as a potential contractor for vending machine service for any CMWR NAFI. Additional information on contracting and sample contracts are contained in appendix D.

203. Category IV MWR Recreation Related Activities

a. Includes those functions, activities and programs that enhance the morale of civilian employees by promoting a sense of well being through on-base physical and mental self-development programs of a recreational nature. Although these Category IV CMWR activities may generate limited income from fees and charges incidental to their operation, they are largely dependent on the NAF support provided by the Category II CMWR activity and limited APF support as authorized in reference (b) and section 410 of this instruction. The availability, convenience, and adequacy of on-base military MWR, and similar private and public MWR resources in the local communities where Federal civilian employees live, are key factors in developing on-base CMWR programs.

b. The need for Category IV CMWR activities to generate funds to finance their programs is recognized; however, in conducting resale activities, it is not intended or desired to foster undue competition between civilian and military MWR resale or NEX resale activities. (For example, the offsetting of a
portion of the cost of theater tickets from the civilian recreation activity is common practice, but these reduced price tickets should be limited to authorized civilian employees, which includes DOD tenant activities and agencies on the installation. When military MWR on the installation offers the same theater tickets for sale but without the offset, the CMWR ticket outlet should charge military personnel the same price as at the military MWR ticket outlet.)

c. Category IV CMWR activities may engage in the following programs and activities when approved by the CO or Regional Commander:

(1) Operation of recreation centers and employee lounges.

(2) Offer intramural athletics and sports programs and participate in intramural leagues of the civilian community.

(3) Provide group activities serving special recreational, social, hobby, or occupational interests of a limited number of employees, e.g., stamp clubs, square dancing, aerobics, etc. The opportunity for participation, however, must be extended to all interested employees. Some groups may be organized on a one-time or temporary basis for a particular purpose such as tours, game attendance, or entertainment events.

(4) Carnivals, amusement companies, or similar types of entertainment. CMWR NAFIs contemplating contracts with carnivals, amusement companies, or similar commercial entertainment enterprises will be guided by references (n) and (q). Advice and counsel should be obtained from the local staff judge advocate (SJA) office. Alternatively, such activities may be conducted jointly with the Category II CMWR NAFI or the military MWR NAFI as long as costs are shared proportionately.

(5) Hold contests for awards and prizes in conjunction with programmed MWR activities, subject to the conditions in references (d) and (e). In scheduling any event, the provisions of reference (e) prohibiting any gambling activity (including lotteries, pull tabs, pools, games for money or property, or sale or purchase of number slips or tickets on government installations) must be considered.

(6) Subsidize/offset the cost of social activities such as dances, parties, and picnics, dinner theaters, etc. However, the cost of alcoholic beverages at these events must be borne by
the individuals concerned. NAFs shall not be used to subsidize alcoholic beverages.

(7) Award door prizes, except alcoholic beverages, at special events. See section 207 of this instruction for cash prize awards.

(8) Participate in installation-wide events. These may be patriotic, historical, cultural, or of similar themes.

(9) Provide retirement mementos when the cost of an individual memento does not exceed $50 and is provided to all retiring Federal employees.

(10) Provide personal convenience items for the workforce, e.g., microwave ovens placed in work sites for employee use, books and magazines for on-base circulating libraries, etc.

(11) Preventive medicine "Wellness Programs." These programs must be essential and approved by local medical officers per policies established by the Surgeon General of the Navy, but for which APFs are not authorized. However, CMWR NAFs will not be used to purchase serum or otherwise provide an immunization program for civilian employees. This policy is based on potential liability problems that may arise regardless of any signed releases.

(12) Offer merchandise or services necessary to participate in a civilian activity (e.g., golf items at a golf course, bowling items at bowling lanes, etc.). Collecting participation fees and charges is not considered a resale function.

(13) Hold occasional fund-raising activities oriented to seasonal observances, such as the sale of holiday cards, Federal almanacs, and calendars.

(14) Sponsor occasional cultural events featuring sales of items such as antiques, handcrafted collector or hobby items, or home-prepared foods. For the latter event, liability insurance is required and must be obtained by the sponsoring CMWR NAFI.

(15) Give expressions of thoughtfulness, sympathy, or condolence to an employee or a member of that employee’s immediate family in the event of a serious illness or death.
Expenditure for an individual occasion shall not exceed $50 and shall not be in cash. Expressions may be in the form of donations to religious, charitable, or similar organizations designated by the family. Such expressions are not considered prohibited personal gifts.

204. Bingo. When not in competition with bingo programs offered by the military MWR program, Category IV CMWR activities are authorized to conduct bingo, subject to references (d) and (e) and the regulations and controls contained in this section. Special groups (e.g., spouses’ clubs, advisory groups, private organizations/groups) are not authorized to sponsor or operate bingo activities. Bingo is authorized on naval installations within the U.S., its territories and possessions, which are fully ceded to the U.S. Government and on those installations which are not fully ceded where the playing of these games is not prohibited by the host State. Outside the U.S., its territories and possessions, the playing of bingo is at the discretion of the Area Commander.

a. Regulations. The playing of bingo is subject to the following regulations:

(1) Participation in this activity will be limited to eligible patrons and up to three bona-fide guests per patron.

(2) CMWR directors/managers, fund managers, employees, and volunteers of the activity sponsoring bingo and their immediate family members may not take part in the bingo game or accept prizes. COs or Regional Commanders may impose additional local restrictions regarding those eligible to play bingo. However, employees and volunteers may participate in bingo sponsored by another activity if otherwise eligible.

(3) Sponsors will sign in all guests prior to the purchase of bingo cards.

(4) Bingo prizes may be cash or merchandise.

(5) At installations in the U.S., its territories or possessions where the playing of bingo is authorized, the cash/merchandise prizes or a combination thereof may not exceed the following amounts:

(a) Where bingo is authorized, the cash/merchandise prizes or a combination thereof may not exceed 90 percent of annual bingo revenues.
(b) Total cash prizes of regular games are not to exceed $2,000 per session, but may be increased to $10,000 once per quarter, subject to the limits established above.

(c) A jackpot may start at $1,000 and progress to $5,000.

(6) A single merchandise prize, not to exceed $10,000, may be awarded but not more than four times per year, subject to the limits established above.

(7) When there is more than one winner of a prize, the cash will be divided equally among the winners. Unless otherwise agreed by the individuals concerned, merchandise prizes will be awarded to the person who wins a coin toss.

(8) Bingo winners will sign their names and personal identification data on the bingo activity sheet before receiving prizes. If the winner is a sponsored guest, the sponsor’s name will also be recorded. The activity hosting bingo must maintain detailed financial records of the bingo revenues and all prizes paid. One-game winnings of $1,200 or more from a bingo game will be reported on IRS Form W-2G.

(9) Playing of bingo may be included in MWR advertisements. Distribution of such advertising material may be made through the U.S. Postal Service when the playing of bingo is authorized (or not otherwise prohibited) by the State in which it is conducted. There shall be no mention of the dollar value of prizes.

(10) Control of cash received from bingo card sales will be accomplished by using visual or kickout-tape cash registers along with colored, double-roll, theater tickets, or pre-numbered, two-part guest checks. All bingo cards (regular, throwaway, or punch-out) will be pre-numbered and any missing cards will be reported to management’s attention.

(11) When theater-type tickets are used, the bingo cashier will give the purchaser a ticket (for the door prize) for each card purchased. One ticket color will represent cards selling for one price. When cards are sold in multiples at a special price, another color of ticket will be chosen and a ticket given for each card sold. The cashier will retain one ticket for control purposes and for use in door prize drawings. Bingo cards must be date-stamped or an equivalent method used to
verify date of purchase. These procedures will apply when bingo cards are not issued in numerical order.

(12) Within these policy parameters, COs or Regional Commanders must be sensitive to the local civilian community’s perception and attitudes and use proper judgment regarding the type and size of bingo prizes awarded.

b. Electronic Bingo Cards. NAVPERSCOM (PERS-65) deems that any device, apparatus, or scheme which allows a player in any bingo activity a material advantage over other players is against Navy policy and restriction of such is in the players’ interest. Electronic bingo card marking devices (often referred to as daubers) are deemed to provide a player a material advantage unless operated per this section. Following definitions, restrictions, and standards apply to such devices:

(1) Electronic bingo cards are defined as any electronic device or apparatus used by players to identify bingo cards that contain numbers or symbols input by a player. These devices electronically store preprinted bingo cards purchased by a player. They provide a means for players to input numbers or symbols called by the MWR bingo caller in an electronic database containing previously stored bingo cards. This allows the player to identify those stored bingo cards that contain the numbers or symbols called by the MWR bingo caller.

(2) Electronic bingo cards will not be deemed to provide players a material advantage and may be used by players on bingo games when the player performs at least the following functions:

   (a) Input each number or symbol called by the MWR bingo caller into the memory of the dauber unit by use of a separate input function for each number symbol. Automatic or global marking of numbers or symbols is prohibited.

   (b) Notify the MWR bingo caller when a winning pattern or “bingo” occurs by means that do not utilize the dauber unit or the associated system.

   (c) Identify the winning card and display the card to the MWR bingo caller/MWR bingo verifier.

   (3) Each player using the electronic dauber is limited to playing a maximum of 72 cards during any game.
(4) MWR bingo callers shall not reserve electronic daubers for any player.

(5) Bingo players may use electronic bingo devices in the following manner:
   
   (a) Players must input into the device each number called.

   (b) Players must notify the game operator or caller of a winning pattern of bingo by a means other than use of the electronic device.

   (c) Management determines the maximum number of card faces per game on each device that players are limited to play.

   (d) Electronic bingo devices shall not be reserved for players. Each player shall have an equal opportunity to use the available devices on a first-come, first-served basis.

   (e) Electronic bingo systems are any mechanical, electronic, electromechanical or computerized device, including related hardware and software, that interfaces with or is connected to equipment used to conduct bingo and which allows a player to store, display, and mark the face of a bingo card, five spaces wide by five spaces long, with the center space free and the other spaces containing pre-printed numbers between 1 and 75, inclusive. These electronic bingo systems shall have the capability to print a representation of all faces played or to be played by the device or a receipt with the organization name, date, time, number of cards played and device identification number. Images of cards or faces stored in an electronic device must be exact duplicates of the printed faces, if faces are printed.

   (f) Management’s representative(s) may examine and inspect any electronic bingo device and related system. Such examination and inspection shall include immediate access to the device and unlimited inspection of all parts and associated systems and may involve the removal of equipment from the game premises for further testing.

   (g) All electronic bingo devices shall be rented or otherwise provided to a player only by the CMWR activity and no part of the proceeds of the rental of such devices shall be paid to an MWR manager, employee, agent or members of their immediate family.
(h) If a player’s call of a “Bingo” is disputed by another player or if an MWR representative makes a request, one or more cards stored on an electronic bingo device shall be printed by the activity.

(i) Players may exchange a defective electronic bingo device for another device provided a disinterested player verifies that the device is not functioning. A disinterested player shall also verify that no numbers called for the game in progress have been keyed into the replacement device prior to the exchange.

(j) Electronic bingo card devices must meet the following standards:

1. Be manufactured by licensed manufacturers.

2. Be sold, leased, and serviced by licensed distributors or manufacturers, provided that operators may perform routine maintenance on devices under their control.

3. Not be capable of accessing the electronic computer system in any manner that would allow modification of the program, which operates and controls the dauber units or the cards stored in the electronic database.

205. Unauthorized Activities. The following activities, services, functions, and events are prohibited:

a. Without prior written authorization by SECNAV, the sale and consumption of alcoholic/malt beverages at any CMWR NAFI is prohibited. Requests for authorization will be submitted to SECNAV through the chain of command and NAVPERSCOM (PERS-65). Reference (b) refers, and if authorization is given, reference (r) also applies.

b. Programs and activities, other than CMWR activities, authorized to be conducted or funded with APF (e.g., beautification and maintenance of grounds, non-MWR employee awards, change of command ceremonies and receptions).

c. Gifts, gratuities, or special benefits to an individual other than as authorized in section 202 of this instruction. Cash or mass gift "give-away," (e.g., Thanksgiving or Christmas turkeys, gift certificates) to employees or volunteers of the CMWR NAFI, or to any individual or group of individuals outside the CMWR NAFI, is prohibited.
d. Participation in or support by the CMWR NAFI of charity drives and cooperative endeavors such as mutual aid, employee insurance, or death benefit associations, other than authorized by DON NAFI employee benefit programs. Such monetary participation is considered to be a private, personal matter of individual decision. (See section 202 for authorized benevolence contributions.)

e. Sale of lottery cards, "break-open" or instant bingo games, pull tabs, or other games of chance.

f. Certain types of entertainment as addressed in section 408.

g. Emergency loans to Federal employees.

h. Use of NAFs to subsidize the cost of cash prizes (i.e., cash prizes will be funded only from entry fees of that particular event).

i. Conduct of commercial sponsorship activities. Per reference (k), only military MWR departments are authorized to conduct commercial sponsorship activities and only in support of military MWR programs.

206. Advertising. Navy CMWR activities should communicate their presence and the availability of goods and services they offer to potential patrons. However, such communication must be restricted, as far as possible, to authorized patrons.

a. Advertising is providing conspicuous notice or information to the public through private and public media. (Media is any way to convey an advertising message. It includes newspapers, magazines, trade and professional journals, special printed matter, circulars, fliers, posters, signs, radio, television, and other promotional devices, such as decals, table tents, or activity calendars.)

b. CMWR activities may not initiate, sponsor, pay or request payment for advertising of particular goods or services except as provided below:

(1) CMWR activities may purchase advertising where authorized in Armed Forces newspapers and civilian enterprise publications produced primarily for distribution on a military reservation or to authorized CMWR patrons.
(a) Information may be included about sales of goods and services, including brand names and item prices for other than alcoholic beverages, including bar prices.

(b) Entertainment and social event advertising may specify names of feature acts, films, or talents, and admission prices or cover charges.

(2) Armed Forces installation or activity newspapers and American Armed Forces Radio and Television may carry unpaid noncommercial news stories, announcements, and listings of services offered by CMWR activities to command or activity personnel.

c. CMWR activities may produce or prepare media for local dissemination directly to authorized patrons. In cases where a publication is identified with a Navy CMWR activity (e.g., a cafeteria), it cannot contain commercial source product, and in the case of food, beverage and entertainment facilities, bar prices or material that implies government endorsement of a specific commercial product or service. All media produced at the expense of a Category II or Category IV CMWR activity, e.g., food and beverage activity, will be mailed at the activity's NAF expense. A bulk mail permit is recommended.

d. Voluntarily initiated media prepared by suppliers and other non-DOD sources that are primarily advertising devices are not authorized for distribution through official channels. When such media are placed in locations on DOD installations for personal pick up, they must contain a disclaimer to the effect that they do not express or imply endorsement by the Navy or the Federal Government, and they are neither paid for nor sponsored by them. A disclaimer is not required for items provided as premiums.

e. CMWR activities may purchase, prepare, or produce premiums for distribution to authorized patrons. (A premium is merchandise offered to advertise an activity, product, service, or event as a bonus or as an incentive to buy. Examples of premiums are ballpoint pens, plastic rulers, etc., with an intrinsic unit value of less than $10 retail.)

(1) Activities may also accept premiums whose minimal intrinsic unit value is less than $10 retail, voluntarily initiated and prepared by suppliers, except tobacco and alcoholic beverage products, for use by or distribution to authorized patrons.
(2) Activities may not solicit funds from suppliers or other non-DOD sources to offset costs of premiums. Neither may they request such suppliers or sources to prepare or provide special premiums at their expense. Commercial sponsorship is not available to CMWR activities.

f. Activities may use point-of-sale displays and promotional material, such as reduced price and special offer coupons, and may participate in national and local coupon redemption programs available to the public or to the military community. The MWR director should evaluate participation in national or local coupon redemption programs on a case-by-case basis.

g. Activities may contribute articles and stories for publication as unpaid information items in base newspapers, Plan of the Day, or other media that may or may not be intended primarily for distribution on a military installation to publicize MWR events and other activities and programs of general interest to authorized patrons. Coordination with the local public affairs office is required when such items are released to other than internal media.

207. Promotions

a. CMWR activities are authorized to distribute promotional coupons for free or reduced price use of activities and equipment, events, and free or reduced price food or merchandise (alcoholic beverages excluded).

b. Promotions conducted by CMWR activities to generate patron response and sales are permissible and encouraged, provided all patrons of the MWR program are eligible and invited to participate. Expenses generated in the promotions are proper charges to advertising and promotions. Inventory and other documentation must be maintained to adequately account for all expenditures. Inside promotions may include, but are not limited to the following:

(1) Free coffee and tea breaks.

(2) Free rental of recreation equipment, lunch at the cafeteria or other consumables presented to authorized patrons on birthdays or special occasions.

(3) Souvenirs or mementos given on special occasions such as Independence Day, Navy Day, etc.
(4) Free or discounted price entertainment tickets.

(5) Tournaments or contests with prizes to winners.

(6) Coupon distribution for promotional events, golf, bowling, food or merchandise, free or at a reduced price.

(7) Door prizes at special events.

(8) Alcohol beverages will not be provided as prizes, gifts, etc., or with free dinners.

208. Cash Prizes

a. Awards of cash, savings bonds, and certificates redeemable in cash or property for achievement or proficiency in appropriate MWR events sponsored by the MWR program are authorized subject to the following provisions:

(1) NAFs will not be used to subsidize the cost of cash prizes (i.e., cash prizes will be funded only from entry fees.)

(2) For some events, cash awards may jeopardize the amateur sports standing of participating athletes. When cash awards are given in conjunction with a sporting event, the participants should be informed that acceptance of a cash award may jeopardize their amateur sports standing.

(3) Team awards are authorized for special events only (e.g., golf, bowling, or softball tournaments). Awards are limited to one per team and must be funded from entry fees.

b. Gift certificates redeemable for merchandise in local CMWR retail outlets are encouraged.
CHAPTER 3

FINANCIAL MANAGEMENT

301. General. Reference (c) prescribes guidance for DOD financial management policies for MWR NAFIs. In addition to the NAF financial management policies contained in reference (c), the procedures contained in reference (s) apply to all CMWR activities. Guidelines for CMWR NAFIs authorized to use cash-basis accounting are contained in chapter 10 of reference (c), and section 306c and appendix E of this instruction. All CMWR resources shall be administered economically and efficiently through sound financial management practices.

302. Financial Posture. CMWR activities are required to be self-supporting, i.e., dependent on NAFs for support. CMWR activities are authorized very limited APF support (see section 410 of this instruction). In order to ensure generation of adequate profits to help finance replacement of or additional equipment, upgrading of facilities, expansion of retail inventory, etc., commands must closely and continuously review CMWR NAFI cash, profit and loss, and pricing levels and revise as necessary to meet such requirements. Chapter 23 of enclosure (1) to reference (t) provides policies and procedures for cost control and guidance, methods, and forms that may be beneficial to the operation of CMWR food service operations.

303. Financial Management. Reference (c) prescribes standard NAF accounting principles and practices and is mandatory for all DOD NAFIs except the Military Exchanges. NAF accounting principles and practices are similar to generally accepted accounting principles used in the private sector. CMWR activities will follow the guidance contained in reference (c). Annual budgets prepared per reference (c) will be submitted with the recommendations of the advisory group/board of governors to the CO or Regional Commander for final approval.

304. Accounting Procedures for Navy NAFIs. Reference (s) must be used by all NAF accounting offices using centralized accounting systems developed by NAVPERSCOM (PERS-65). Appendix C to reference (c) prescribes a uniform accounting system for all NAFIs within DON. These provisions are intended to increase efficiency and effectiveness, permit greater control by management, facilitate the conducting of audits by proper authority, and provide guidance to all participants in the system. General or non-system specific policies and procedures
are included in chapters 1 through 10 of the core regulation and have been excluded from appendix C of reference (c). For example, the requirement that NAFIs conform to generally accepted accounting principles is not system-specific and applies to all DOD NAFIs. Therefore, it is included in the core regulation (i.e., chapters 1 through 10) and excluded from appendix C to reference (c).

a. Double-Entry Accrual Versus Cash Method of Accounting

(1) Double-Entry Accrual Method. All CMWR NAFIs will use this system of accounting unless expressly authorized to use the cash-basis accounting method by NAVPERSCOM (PERS-65) as outlined below. The general theory of the double entry accounting system is that whenever any financial transaction or value change takes place, there are two accounting entries involved. These two entries are expressed as debits and credits. Under accrual accounting, transactions and other economic events are recorded when they occur. Revenues are recognized and reported when they are earned. Expenses are recognized and reported when they occur and are deducted from revenue to determine income. Accrual accounting emphasizes matching revenues and expenses associated with each other in the period in which they occur.

(2) Cash-Method. Only Category II and Category IV CMWR activities with annual gross revenue of less than $50,000 will be authorized to use the cash-basis method of accounting. Under the cash-basis of accounting, revenue is recognized when cash is received from the customer and expenses are recognized when cash is actually paid for the item or service received. In addition to applicable sections of appendix C, reference (c) and section 306 of this instruction contain the specific policies and procedures for those NAFIs authorized by NAVPERSCOM (PERS-65) to use cash basis accounting.

305. Reporting and Analysis. Not later than 15 November of each year, CMWR activities will submit a copy of their annual end-of-fiscal year financial reports and MWR personnel strength reports (if applicable), to NAVPERSCOM (PERS-65) via the chain of command. Additional guidelines regarding financial reports and payment of assessments are contained in section 306.

306. Funding of Program Managers' Responsibilities for CMWR Activities. DOD policy requires a source of funding to offset the program manager's responsibility for oversight of the CMWR program and to create a loan source for CMWR activities. Requirements for the CMWR activities funding program are
a. participation in NAVPERSCOM (PERS-65) CMWR Centralized Accounting Systems.

(1) Category II and Category IV CMWR activities with annual sales (i.e., gross revenue) of more than $250,000 per fiscal year are required to participate in the NAVPERSCOM (PERS-65) Centralized Accounting System for Civilian NAFs.

(2) This accounting system is fully integrated with the banking system and provides monthly financial statements to the command, the CMWR activity, and the appropriate Echelon commands.

b. participation in NAVPERSCOM (PERS-65) Centralized Banking System Only. Category II and Category IV CMWR activities with annual sales (i.e., gross revenue) of more than $100,000 per fiscal year or cash on hand of more than $100,000 are required to participate in the NAVPERSCOM (PERS-65) Central Banking System for CMWR activities. Under the centralized banking system, NAVPERSCOM (PERS-65) acts as the bank and the system provides

(1) central bank account at a commercial bank under contract with NAVPERSCOM (PERS-65) which is reconciled by NAVPERSCOM (PERS-65).

(2) disbursement checks written locally by the CMWR activity, payable through the central account.

(3) 3-months’ supply of disbursement check stock issued to the CMWR activity by NAVPERSCOM (PERS-65).

(4) local bank account arranged by NAVPERSCOM (PERS-65) for the CMWR activity to make deposits. This account will be maintained and reconciled by NAVPERSCOM (PERS-65). Any service charges levied by the bank for deposits, rolled coins, etc., will be paid by the CMWR activity.

(5) transfer of funds from the local account to the central account by NAVPERSCOM (PERS-65).

(6) NAVPERSCOM (PERS-65) will invest funds and return a percentage of the interest earned to the CMWR activity. The percentage of return will be targeted within three points of the going commercial interest rate. CMWR activities investing larger amounts of cash will receive a higher return on their available funds. The portion retained by NAVPERSCOM (PERS-65) will be used to offset the program manager's cost of operations in lieu of an
annual assessment (payment) that normally accompanies the year-end financial statement.

c. small civilian activities. Category II and Category IV CMWR activities with cash on hand or gross income of $100,000 or less per fiscal year that are not required to participate in the NAVPERSCOM (PERS-65) central banking system will:

(1) maintain local bank accounts. The CO will notify depositories in writing that NAVPERSCOM is the successor in interest to the MWR fund bank accounts and that the bank will have no responsibility after transfer of funds to or under the order of NAVPERSCOM (PERS-652). A copy of these letters will be forwarded to NAVPERSCOM (PERS-652 and PERS-658D1).

(2) investment of excess cash. Only decentralized CMWR activities are authorized and encouraged to locally invest excess cash. Excess cash is money on hand, which is not required for day-to-day operations. These excess funds will be invested in short-term, Federally insured, interest bearing accounts, (e.g., certificates of deposit, money market fund accounts, and interest-bearing savings/checking accounts). Investment maturities are limited to 1 year or less to ensure the local activity is liquid enough to meet liabilities.

(3) remit to NAVPERSCOM (PERS-65) an annual assessment to defray the cost of CMWR program oversight responsibilities. The assessment is determined by a graduated scale based upon total revenues generated by the CMWR activity during the fiscal year. CMWR activities with annual revenue less than $25,000 are exempt from this requirement.

(4) within 45 days following close of the fiscal year, CMWR activities that do not participate in the NAVPERSCOM (PERS-65) Centralized Nonappropriated Fund Accounting System will submit a verified (by the local or regional audit function) financial report (as of the end of the fiscal year), together with an assessment payment (based on the scale below), to NAVPERSCOM (PERS-658) via the chain of command. A sample financial report format for activities authorized to use cash-basis method of accounting can be found in appendix E. All other CMWR activities required to use the accrual-based accounting method and not participating in the NAVPERSCOM (PERS-65) CMWR Centralized Accounting System will submit locally prepared financial reports in balance sheet and income statement format.
ASSESSMENT PAYMENT FORMULA

<table>
<thead>
<tr>
<th>TOTAL CASH/REVENUES</th>
<th>TOTAL FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 25,000</td>
<td>$0</td>
</tr>
<tr>
<td>$25,001 - 70,000</td>
<td>$225</td>
</tr>
<tr>
<td>$70,001 - 85,000</td>
<td>$275</td>
</tr>
<tr>
<td>$85,001 - 100,000 and over</td>
<td>$325</td>
</tr>
</tbody>
</table>

(5) small CMWR activities may participate in NAVPERSCOM (PERS-65) CMWR Central Accounting System (AIMS) at no additional cost. This accounting system is fully integrated with the banking system and provides monthly financial statements to the command, CMWR activity, and appropriate Echelon commands.

d. CMWR NAFI Participation in NAVPERSCOM Military MWR NAF Payroll Services. For a minimum cost, all CMWR activities can participate in NAVPERSCOM (PERS-65) military MWR NAF payroll services. A full range of payroll services including issuance of W-2 forms, direct deposit, sick and annual leave reports, signature-ready 941 forms, time card labels, check-signing, quarterly earnings records, etc., is provided.

e. Other Programs/Services Offered by NAVPERSCOM (PERS-65) Program Manager for Large and Small CMWR Activities

(1) Navy CMWR NAFIs may lend money to other Navy CMWR NAFIs subject to approval by the affected local CO and Regional Commander who will be guarantors on any loans. Loans may be interest-bearing or interest-free as agreed upon between the parties, with terms not to exceed 5 years. NAVPERSCOM shall be provided official notification of all loans made to any CMWR NAFI. This notification will indicate the purpose of the loan and the terms and conditions of repayment, as agreed upon between the NAFIs.

(2) Travel and per diem for all NAVPERSCOM (PERS-65) on-site assist visits and consulting services to include operations, vending facility program, child care, accounting, personnel management, etc., shall be borne by the CMWR activity requesting the visit.

(3) All CMWR NAFIs with NAF employees may participate in NAVPERSCOM NAF employee benefit programs. Employer's share of any benefit program administered by NAVPERSCOM (PERS-65) will be
borne by the participating CMWR NAFI. Additional information about the CMWR NAF benefit program is available from NAVPERSCOM, NAF Personnel and Benefits Branch (PERS-653).

f. For guidance on participating in the NAVPERSCOM (PERS-65) MWR Self-Insurance Program, see section 310.

307. Financial Ratio Analysis. There are three key financial ratios that can be quickly determined from balance sheet data.

a. Current Ratio. Divide current assets by current liabilities in order to measure the CMWR NAFI's ability to pay current obligations. Generally, a ratio of 2:1 or higher is an indication of a sound short-term financial position. A higher current ratio may indicate that conversion of some current assets to fixed assets through the next capital expenditure budget is appropriate. The dollar amount by which current assets exceed current liabilities is referred to as "net working capital."

b. Acid Test Ratio. The measure of liquidity may be expressed as current assets minus inventories and prepaid expenses divided by current liabilities. As a numerical relationship it is termed the acid test or "quick ratio," and a ratio of 1:1 or better is considered satisfactory. It is a reflection of the CMWR NAFI's true liquidity and ability to pay creditors quickly. CMWR custodians and advisory councils must monitor the ratio closely. A ratio less than 1:1 indicates the NAFI is operating short of cash and may not be able to meet even short-term liabilities.

c. Fund Equity Ratio. The net amount resulting from subtracting the CMWR NAFI's total liabilities from its total assets represents its financial worth. The ratio of fund equity to total assets is another measurement. A growth in equity is necessary to fund stability and is another indication of financial health. Custodians must be alert to a trend of fund equity decreases. For example, a more rapid rate of liability increases than asset increases will act to decrease fund equity. Timely management corrections must be made to reverse such unfavorable trends.

308. Audits and Fiscal Oversight. Reference (b) requires independent audits to be performed at NAF expense by licensed certified public accountants (CPAs) or by APF personnel on a reimbursable basis for all CMWR activities with annual gross revenues of $250,000 or more. When CPAs are used, requests for contracts are to be coordinated with and approved by Naval
Audit Service before issuing a solicitation package, per references (u) and (cc). Commands with a CMWR activity that has annual gross revenues of $250,000 or more should ensure that proposed contracts for CPA auditing services are coordinated and approved. Also, commands must request pre-acceptance review by the Auditor General of the Navy for work completed under contracts with non-Federal auditors before making final contract payment per reference (cc). CMWR activities are also to be included in the local command's fiscal oversight and review program. Reference (u) applies.

309. Prompt Payment of Accounts. The Prompt Payment Act (PPA) of May 21, 1982 (P.L. 97-177), amended 17 October 1988 (P.L. 100-496), requires Federal agencies (including NAF activities) to make payments in a timely manner. If a payment to a contractor is late, an interest payment also is due to the contractor and should be made without a contractor having to request the interest payment. Specific policy and procedures, record keeping, computation of interest payments and reporting requirements are contained in reference (v).

310. Insurance Requirements

   a. CMWR NAFIs are required to obtain and maintain insurance coverage prescribed in reference (n) through a commercial insurance company or paid-participation in the NAVPERSCOM (PERS-65) MWR Self-Insurance Program.

   b. Application for participation in the NAVPERSCOM (PERS-65) MWR Self-Insurance Program must be received and payment must be made before any coverage is provided. If such coverage is provided by NAVPERSCOM (PERS-65), a certificate of coverage will be issued to the CMWR activity concerned.

   c. The individual liability of third parties, specifically the liability of one patron to a third party, is not the responsibility of the Navy and therefore is not included in the NAVPERSCOM (PERS-65) MWR Self-Insurance coverage. This program, as offered to CMWR activities, only covers liability for acts or omissions (negligence) that occur in the scope of employment of CMWR employees or properly accepted volunteers.

   d. CMWR NAFIs must have insurance for the following:

      (1) Personnel responsible for the custody of CMWR NAFs must be bonded.
(2) Furniture, fixtures and equipment recorded on NAF property control records.

(3) Merchandise inventory.

(4) NAF-purchased vehicles.

(5) General Liability. Minimum limits are $500,000 per person, $1,000,000 per occurrence.

(6) Automotive liability. Minimum limits are $500,000 per person, $1,000,000 per occurrence and $100,000 property damage.

(7) Money and Securities.

e. Contractors are responsible for general liability and worker's compensation coverage as it applies to their operations and their employees.

f. Fund custodians should periodically review current insurance policies to ensure coverage, limits, deductibles, and conditions adequately apply to the operation of the civilian NAFI.

311. Insurance Claim Procedures

a. CMWR activities participating in the NAVPERSCOM Self-Insurance Program may submit claims for damage to, or loss of, NAFI property or NAFI-owned money and securities directly to NAVPERSCOM (PERS-658D). Claims should be prepared and submitted per reference (n). The claim itself should also contain supporting documentation or “proof of loss” information and a point of contact.

b. Potential liability claims should be directed to the command’s staff judge advocate (when assigned) or to the claims officer of the servicing Naval Legal Service Office (NLSO). The NLSO will provide the claimant with the appropriate claim form and instructions on how to submit a claim. Either the NLSO or Navy’s Judge Advocate General's Office will adjudicate the claim. The claim will either be denied or approved for payment. Payment will be made by NAVPERSCOM (PERS-658) upon receipt of a recommendation for payment and presentation of a signed settlement agreement, when appropriate.
c. If the insurance coverage is provided by a commercial insurance company, notice of any incident that may result in either a property or liability claim must be provided to the company immediately, consistent with the terms and conditions of the policy. Also, the activity’s legal officer or staff judge advocate and the NLSO claims attorney should be advised of the incident giving rise to a potential claim.

312. NAF Fiduciary Responsibility

a. CMWR NAFs are government funds entitled to the same protection as funds of the U.S. Treasury per 10 U.S.C., chapter 147. CMWR NAFs are designated solely for the benefit of authorized patrons and the purposes of the civilian NAFI.

b. There is an individual fiduciary responsibility for proper use of NAFs and preventing waste, loss, or unauthorized use. This responsibility extends to all DOD personnel, to include members of the Armed Forces and civilian employees paid with either APF or NAF.

c. DON policy is to encourage the reporting of suspected violations at the lowest possible organizational level. However, reports may be made to senior management, the Inspector General, or to the Defense Hotline. The chain of command is responsible for prompt detection, proper investigation, and appropriate corrective action. Individuals reporting violations are afforded protection provided through the Whistle Blowers Protection Act.

d. Commanders will take appropriate administrative/or disciplinary action against present and former personnel responsible for violations. In case of a serious criminal infraction, commanders will refer the matter promptly to the appropriate criminal investigative organization for investigation and disposition.

e. Under 10 U.S.C., chapter 147, personnel who violate NAF regulations are subject to penalties. Penalties for substantial NAF violations by civilian employees are the same as those under provisions of Federal law that govern the misuse of APF. Violations by personnel subject to the Uniform Code of Military Justice are punishable under article 92, section 892.

313. Tort and Contract Claims

against civilian NAFIs at these locations will be processed and paid per tort and contract claim procedures.

   b. Adjudicated contract claims arising out of the operations of CMWR NAFIs will be paid by the NAFI concerned. The Navy Central CMWR Fund will not assume responsibility for payment of contract claims, except those acquired as the successor-in-interest to residual assets and liabilities of dissolved CMWR NAFIs, or in the event of a current financial inability of an existing NAFI to pay such claims.

   c. Claims by NAFI employees for loss, damage, or destruction of personal property incident to their employment will be paid by the employing NAFI without reimbursement from the Navy Central MWR fund.

   d. The above provisions do not apply when any element of a CMWR NAFI operates under a concession or services contract. In those cases, the concessionaire or service provider will provide adequate public liability and products liability insurance as prescribed in reference (n).

314. Taxes

   a. Civilian NAFIs shall collect and pay all applicable Federal taxes. As instrumentalities of the United States, CMWR NAFIs are entitled to the same immunity from taxes of the States, the District of Columbia, and political subdivisions thereof, as is the United States.

   b. NAFI concessionaire and services contractors are not instrumentalities of the United States. Therefore, they shall collect, report, and pay all applicable Federal, State, and local taxes.

315. Use of Surplus Government-owned (APF) property.
Government-owned (i.e., APF property) surplus or excess equipment, not in use or immediately required to meet operational need, is authorized to be loaned to CMWR activities. Surplus or excess Government property is controlled by the Defense Reutilization and Marketing Service (DRMS). When loaned to a CMWR activity, it must be returned to the nearest DRMS upon request or when the property is no longer desired by the holding CMWR activity.

   a. Records and other documentation for loaned APF property are not to be combined with NAF-purchased property accountability
records. NAFI-owned property will be marked differently than APF property and separate inventories will be maintained.

b. The cost of maintenance and repair of APF surplus property on loan to a CMWR activity is properly chargeable to the supporting civilian NAFI as a NAF cost.

316. NAF Property Administration. The CMWR Director/Fund Custodian is in charge of all NAFI purchased fixed asset and other stock record property. The servicing accounting office or the CMWR advisory organization, or the assumption of property responsibility by another individual does not alter the custodian’s accountability. Accounting procedures for NAF-purchased property are prescribed in appendix C to reference (c). These procedures include capitalization, depreciation, property control and inventory records, and transfers. Loss of NAF purchased property assets will be reported promptly to the custodian.

317. Management Control and Prevention of Fraud, Waste, and Related Improprieties. The same management controls and fraud prevention measures apply to CMWR property, equipment, supplies, and vehicles as apply to other Navy activities. References (w) and (x) apply.

318. Procurement. Policy and procedures for the procurement/contracting of CMWR supplies, equipment, or services with NAFs are contained in references (q) and (u). Navy CMWR directors and other individuals designated with contracting and procurement responsibilities by the command must complete mandatory training courses in order to become NAF contracting officers and qualify for a warrant. All warrants are issued by NAVPERSCOM (PERS-65).

319. Physical Inventory Requirements. The following minimum physical inventory requirements shall apply to CMWR assets:

a. Fixed Assets - Annually

b. Minor Property - Annually

c. Resale Inventory - Monthly

d. Prepaid Tickets - Monthly

320. Purchase of Foreign Goods from Sources Outside the United States, its Possessions, and Puerto Rico. NAFIs located in the
U.S., its possessions, and Puerto Rico will not purchase foreign goods from sources outside these areas. They may, however, purchase lawfully imported foreign goods from sources within those areas. Requests for exceptions, substantiated in detail, including dollar expenditures involved, must be submitted via the chain of command to SECNAV.

321. Disposition of Excess MWR Property

a. CMWR property purchased with APFs will be transferred to the Defense Reutilization Marketing Office (DRMO) for disposal.

b. CMWR property (including NAF vehicles) purchased with NAFs may be disposed of per the following guidance. Whenever possible, activities are strongly encouraged to redistribute serviceable NAF property to commands and NAFIs with a need for the equipment vice their purchase of duplicate items, etc. It is recommended that excess CMWR NAF property be disposed within the Navy community rather than being sold to non-Navy individuals or organizations as follows:

   (1) Reported to the Regional Commander via the chain of command for redistribution as may be needed within the command.

   (2) Redistributed to other Navy activities or NAFIs within an immediate area or region.

   (3) Used as trade-in for purchase of like property.

   (4) Sold to interested individuals (including other commands) through a sealed bid procedure. See section 320 of reference (q). Such sales shall be offered first to authorized CMWR programs and secondly to military MWR program patrons prior to being offered to non-naval individuals or organizations.

   (5) Excess CMWR NAF property having an original cost of $1,000 or less may be sold to authorized patrons in a "garage sale," at a predetermined fair market price.

   (6) Excess CMWR NAF property having an original cost of more than $1,000 may be disposed of using the sealed bid procedures as outlined in section 320 of reference (q).

   (7) Sale of excess CMWR NAF property through “garage sales” and “sealed bid” auctions shall be widely advertised in on-base media, e.g., base newspaper and bulletin boards. Advertisement should begin 2-4 weeks prior to the event, with
follow-up publicity scheduled 1-2 weeks prior to the event and final publicity 1-4 days prior to the event.

(8) CMWR employees and their family members are prohibited from purchasing items disposed of at annual “garage sale” or “sealed bid” auctions.

(9) Serviceable CMWR NAF property shall not be donated to or offered as a condition of transfer at commands identified for Base Realignment and Closure (BRAC). Serviceable CMWR NAF property will be identified by the local command for Navy retention and redistribution and will not be eligible for inclusion in any Community Reuse Plans, etc.

(10) In no instance will property purchased with APFs or NAFs be donated to any individual or non-Navy organization.

322. Disposition of Unserviceable MWR Property

a. Unserviceable CMWR property (including MWR vehicles), purchased with APFs will be transferred to DRMO for disposition.

b. Unserviceable CMWR property purchased with NAFs can be cannibalized for the purpose of servicing other MWR equipment. The remaining unserviceable equipment item(s) will be disposed of following the guidance outlined herein.

c. Property purchased with NAFs (including MWR vehicles) which has become unserviceable will be disposed of as follows:

(1) Property having an original cost of more than $1,000 will be transferred to the DRMO for disposal or can be traded in as part of the purchase of another CMWR NAF property item.

(2) Property with an original cost of $1,000 or less will be destroyed. Two persons will witness the disposal and verify the destruction in writing.

(3) All unserviceable CMWR vehicles will be transferred to the DRMO for disposition or may be traded with the purchase of another NAF MWR vehicle or equipment item.

d. As stated in section 075141 of reference (j), proceeds from the sale of property owned by NAFIs will be deposited to an installation level account under the Budget Clearing Account (Suspense), 17F3875. Upon receipt of the remaining amount due,
appropriate action shall be taken to transfer the funds to the proper account of the instrumentality that made the sale.

323. NAF Vehicles. Information concerning acquisition, registration, use and disposition of NAF vehicles is contained in chapter 5 of enclosure (1) to reference (t).

324. Check Cashing Services

   a. Patrons of CMWR NAFIs are expected to use commercial banking facilities for check cashing. NAFIs are not normally staffed for such services and excessive amounts of cash on hand increase the possibility of cash-handing errors.

   b. If check-cashing privileges are extended, a service charge, in line with those of other NAFIs, is authorized. A program to prevent abuses will be fully implemented. Returned unpaid checks will be processed per reference (c).

   c. Reference (y) prohibits DOD activities from engaging in retail banking operations. Operation and maintenance of automatic teller machines (ATMs) are the responsibility of financial institution(s) authorized to provide on-base retail banking services. Proposals/requests to install ATM equipment in an MWR facility will be done per procedures contained in reference (z).

325. Petty Cash and Change Funds. Petty cash and change funds, authorized in writing by the CO, may be maintained in amounts consistent with the needs of the CMWR activity, and administered per sections C050601 through C050604 of appendix C to reference (c).

   a. The petty cash fund will be reviewed and reimbursed (i.e., replenished) each month when expenditures exceed $100. When expenditures are less than $100, reimbursement of the petty cash fund is required during the month that total expenditures exceed $100, but not less than once per quarter (i.e., December, March, June, and September).

   b. Bingo program petty cash funds will be reimbursed not less than once each accounting month.

   c. The principal of accrual accounting (i.e., recording expenses in the month incurred) applies, except for CMWR activities expressly authorized by NAVPERSCOM to use the cash-basis method of accounting. For example, at the end of the
month, unreimbursed petty cash expenditures are to be identified and recorded in the general ledger on an accrual journal voucher.

326. Prohibited Use of CMWR NAFs. The use of CMWR funds are authorized only for those purposes related to the official CMWR program. Specifically, CMWR NAF funds will not be used for non-CMWR activities, facilities, or equipment or for individuals, organizations or groups not directly related to or sponsored by the CMWR program. CMWR NAFs may not be expended for the following:

a. Payment to officers or board members for work performed on CMWR matters.

b. Payment of cost for military personnel performing in their military duties.

c. Any construction, improvement, refurbishment, etc., of any Category IV CMWR facility which is comparable to a military MWR Category A facility.

d. Any utility or rent cost for any Category IV CMWR facility, which is comparable to a military MWR Category A or B activity.

e. Payment to enlisted personnel for work performed on CMWR matters unless the following conditions are met:

   (1) The work is in addition to their regular assignment and is performed during off-duty hours.

   (2) CMWR employment, by reason of hours or nature of the work, does not interfere with the proper and efficient performance of their military duties.

f. Payment to DOD civilians for work performed on CMWR matters if they already hold a full-time job at another APF or NAF activity.

g. For any expense associated with command receptions or for expenses of similar functions incident to the official activation, deactivation, or realignment of a command.

h. To construct, alter, or renovate any facility or for procurement of any item of equipment not used primarily as an integral part of the CMWR Program.
i. To defray operating expenses of dependent schools, or to pay tuition or fees incident thereto.

j. To defray general and administrative expenses (e.g., salaries, equipment, supplies, and travel) associated with support of Navy general libraries.

k. To defray or subsidize any operational, personnel, or maintenance expenses for any non-CMWR Program, e.g., station beautification/maintenance/custodial contracts, station galley, Fleet and Family Service Centers (FFSCs).

l. For support of religious programs.

m. For payment of instructors, tuition, or purchase of books for off-duty, military or civilian, education programs. This does not apply to arts, crafts, and hobbies offered as part of a Category IV CMWR program.

n. For support of functions which are held primarily to accomplish public affairs or public relations objectives. Such functions include, but are not limited to command commissioning/decommissioning receptions/parties or Navy birthday celebrations or Service Balls of any type, air shows, or other similar open house events beyond MWR's specific recreation (food, beverage, and entertainment) involvement in open house events.

o. For cash donations to or cash expenditures for any charitable or fraternal group or organization such as Navy Relief, American Red Cross, Combined Federal Campaign, etc. (An exception is made when funds are afforded on behalf of deceased employee or immediate family member, and the family requests donations be made to a specific cause, charity, or organization in lieu of flowers.)

p. For the advancement of pay to employees for hours not worked.

327. Fiscal Oversight and Review

a. COs or Regional Commanders will appoint either local command evaluation and review staff, internal audit offices, or an audit board consisting of collateral duty personnel to perform NAF reviews of all MWR activities and to perform management control reviews per references (u) and (aa). For continuity purposes, professional civilian personnel with competency in the areas of review are desired. Local fiscal oversight and review
will concentrate on segments of operations most vulnerable to fraud, waste, and abuse per reference (u). Areas reviewed will include cash funds and receipts, bank deposits, sales, accounts receivable, procurement, receiving and accounts payable; cash disbursements; payroll; merchandise and consumable inventories; and fixed assets.

b. Annual Schedule. The senior internal auditor, head of the command evaluation and review staff, or head of the audit board must submit a schedule of NAFI reviews to the CO or Regional Commander for review and approval at least 30 days before the start of each new fiscal year. The schedule will include a timetable for reviewing required and vulnerable segments of operations for each activity, optimally on an annual basis, but not less frequently than triennially, per the requirements specified in appendix C to reference (c) and reference (u). Reviews should be scheduled more frequently when unsatisfactory conditions are found.

c. Internal Control Questionnaire. COs or Regional Commanders should ensure that internal audit, command evaluation and review/audit board staff complete an internal control questionnaire for each MWR activity to become part of the command's permanent file per appendix C to reference (c) and reference (u). Each internal control questionnaire should be updated annually. Each section of the questionnaire should be signed and dated by the responsible CMWR activity manager and by the reviewer or auditor completing the section. The questionnaire serves as an excellent tool for management, especially between formal reviews.

d. Conduct of Fiscal Oversight Reviews. Each review may be conducted in stages (or sections) during the year or be completed in its entirety during a single session. Required and vulnerable segments of each CMWR activity should be reviewed annually, and more frequently should unsatisfactory conditions exist.

e. Supervision. The senior reviewer or auditor (as well as the head of the audit board) is responsible for supervising the fiscal oversight review. Such supervision should include reviews of findings, tests performed, supporting documentation, and referencing of policy and regulation sources. The resulting report must be reviewed to ensure work performed is of satisfactory quality and completeness. To assure objectivity and independence of the review, none of the members of an audit board assigned to audit an activity may be connected with the management of these activities.
f. Reports. Reports should be prepared for each activity reviewed and be retained on file for follow-up review by subsequent command inspectors, auditors, reviewers or evaluators. Sections of the reports should correspond to the applicable portions of reference (u). For reviews that are performed during the year, a separate report should be prepared for each section. Reports should be prepared per guidance provided in reference (bb). The CMWR director/manager/fund custodian is responsible for responding in writing to the CO or Regional Commander on reported findings and recommendations. Follow-up with the CMWR director for compliance with reported recommendations is required per references (u) and (cc). The senior internal auditor, head of the command evaluation and review office/head of the audit board is responsible for issuing a final report, including all material findings, recommendations, CMWR director's responses to each recommendation, and an opinion as to whether or not the senior auditor or reviewer is satisfied with the compliance with each recommendation.

g. Status Reports. The senior internal auditor, head of the command evaluation and review staff, or the head of the audit board is responsible for reporting the status of reviews scheduled, in progress, and completed to the CO or Regional Commander on at least a quarterly basis.

h. Records Retention. Completed internal control questionnaires, fiscal oversight and review reports, managers' responses, working papers, supporting documents, work schedules and status reports are to be retained for at least 3 years following the completion of each review. Records should be available for review by higher authority, including the Naval Audit Service (NAVAUDSVC), Naval Criminal Investigative Service (NCIS) and NAVPERSCOM (PERS-65).

i. Training. Command evaluation and review staff, internal auditors and audit board members assigned to review CMWR activities are encouraged to attend the fiscal oversight and internal controls review training course conducted by NAVPERSCOM (PERS-654).

j. CPA Audits. If a command considers it desirable to use the services of certified public accountants (CPAs) to audit the MWR fund accounts (or any or all of its activities), copies of all proposed and awarded contracts should be sent to Auditor General of the Navy (AUDGEN). AUDGEN has responsibility for evaluating contracts awarded by NAFs as well as APFs for auditing services in the Navy per reference (cc). An informational copy
of all proposed and awarded contracts for auditing services should also be sent to Chief of Naval Operations (CNO (N09BF)). CPA auditors will not replace the local audit board responsibility, but will provide expertise not otherwise available. As a minimum, CPA audits will cover the applicable areas prescribed by reference (u). However, the scope of the audits need not be limited to only those areas. Costs of CPA audits will be borne by the local command.

328. Internal Control Procedures. COs will ensure that adequate internal control procedures are in place to protect the cash and other assets of CMWR NAFIs under their cognizance. As a minimum, these controls should cover cash handling, property accountability, inventory control, accounts receivable, procurement, disbursement, banking, and payroll. Checklists for internal controls are contained in reference (u). Additional internal control references include references (cc) and (s).

a. Cost Control. Cost accounting or cost control is the analysis and construction of all sales transactions. The analysis is completed so it will show the total cost of each commodity sold, in expenses, and overhead. Cost controls provide accurate information that serves as a tool in controlling waste, portion control, and theft. Cost control includes the use of systems, techniques, records, and good business practices. It ensures maximum return for the cost of the operation. Cost control will ensure quality and quantity for the patron's expenditure. For more information about cost controls, refer to appendix D to enclosure (1) to reference (t).

b. Keys. To pinpoint responsibility, each storeroom or storage area will be kept locked under the custodian of one person designated by the activity manager. Access to the storeroom or storage area will be governed so as to prevent unauthorized withdrawals. Only one person may have a key to any storeroom or storage area. Master keys will be maintained so only the activity manager will have access to these spaces. In emergency circumstances, the activity manager may open the storeroom or space in the presence of a witness.

c. Cash Handling. CMWR NAFIs are instrumentalities of the U.S. Government. The same care will be exercised in the handling of NAFs as in the handling of APPs. Procedures for handling cash are outlined in chapter 5 of reference (c) and reference (s). Every person responsible for funds should be provided with a safe or a separate locked compartment in a locking safe. The responsible individuals should not divulge, or entrust in any
manner, the combination to any other person. A record of the combination of the safe may be sealed in an envelope, signed, and placed in the safe of a person designated by the CO or Regional Commander. In the absence of the employee, a designated person, who will open the safe in the presence of two witnesses, may accomplish emergency entry to a safe. After entry, the safe will be locked and sealed in the presence of two witnesses. The record of the combination of the safe will be placed in a sealed envelope, signed by the person who opened the safe and by the two witnesses, and returned to its usual place for safekeeping. The combination of the safe will be changed upon return of the employee. Safe combinations will be changed whenever a new employee takes over or whenever directed by the CO. A night depository-type safe (with slot or chute) is considered practical.

329. **Security for Transporting NAFs.** Protection of NAFs is a command responsibility, and the responsibility for providing security rests with the CO. In this regard, the decision of whether or not to have an armed escort, how many, or the type of transportation to be used is all part of the command's responsibility. The command should consider such things as amount and vulnerability (e.g., cash vice checks) of funds to be protected, the distance and terrain to be covered, type of transportation available, and local security forces which may be called upon. The use of APFs is authorized for escorts. Whenever possible, on-base banking services should be utilized to reduce risk and the cost of providing security for transporting NAFs.
401. Personnel. Personnel management for NAF employees of CMWR activities will be administered per the provisions of references (m) and (dd).

402. Standards of Conduct. References (d) and (e) set standards of conduct and government ethics to which NAFI personnel will strictly adhere. The CMWR director will ensure that all new CMWR employees read and understand the applicable regulations. This may be either as a part of NAF personnel office processing or job indoctrination. As part of in-processing, new employees should be included in all ethics training provided by the installation.

   a. Gratuity Acceptance. Except as provided by references (b) and (s) concerning "tipped employees," no person will accept any entertainment, gifts, loans, or favors of any kind, no matter how innocently tendered or received, from any person or firm who seeks or enjoys dealing with an activity which may result in financial profit or benefit to themselves. If any doubt exists regarding the legality or propriety of accepting any consideration, the command’s staff judge advocate is to be consulted.

   b. Refusals. Refusal of gifts and favors will be made in a courteous, but conclusive manner. The individual or organization making the offer will be informed of the policy regarding this practice and the standards of conduct imposed upon personnel of the Government doing business with outside interests. (Also see section 403 for the Navy's gift acceptance policy.)

   c. Attendance at Social Functions. It is not necessary nor desirable for personnel, in the normal conduct of their official duties, to lunch, dine, or party with individuals or representatives of firms or corporations doing or seeking to do business with a NAFI activity to discuss or transact official business matters. The foregoing provision does not preclude attendance at widely attended luncheons, dinners, and similar gatherings sponsored by industrial, technical and professional associations for the discussion of matters of mutual interest to the Government and industry as provided in reference (d).

   d. Prohibitions. Personnel assigned or employed by a CMWR activity and their family members are prohibited from
(1) selling articles in the activity for their own personal benefit.

(2) making any personal profit as a result of the purchasing or sales functions of the activity.

(3) taking advantage of any wastage, price reductions, or favors of any kind.

(4) accepting any personalized gifts.

(5) accepting any contributions or donations from commercial organizations for themselves or their family members, for other employees, employee parties or other select groups, except as permitted by reference (e).

e. Suspension of Vendor/Suppliers. A vendor/supplier guilty of offering a gratuity may be debarred or suspended by the CO from doing any further business with the NAFI.

f. Reporting of Infraction. Personnel who have reason to believe that a gratuity (in the form of entertainment, gifts, or otherwise) was offered or given by a vendor/supplier or by an agent representative to any employee of the NAFI to secure profitable business dealings, or which would result in personal financial profit or benefit, will forward a full report of the alleged infraction, properly documented, to the applicable CO.

403. Acceptance of Gifts. Navy’s policy on accepting gifts of money and property is set forth in references (ee) and (ff). Any gifts offered by individuals or organizations to CMWR activities shall be processed by the command per references cited above.

a. CMWR employees are not authorized to accept gifts on behalf of CMWR activities. Any offer of gifts to CMWR activities shall be treated as gifts to Navy. As such, CMWR employees shall immediately report offers of gifts to their respective commands. The command, following their administrative chain of command, must obtain official authorization before a CMWR activity may make use of the gift.

b. Requests for gifts or contributions from individuals, institutions, or organizations for Navy by its personnel are specifically prohibited, and any gifts initiated contrary to this policy shall not be accepted.
404. Training. Commands are authorized to fund travel, per diem and training costs for employees to obtain training for NAF purposes.

   a. NAVPERSCOM-Sponsored Courses. NAVPERSCOM (PERS-654) offers mission-related training courses for personnel associated with CMWR. Many of these courses are directly applicable to the administration, management, and operation of programs offered by CMWR activities. Training information is available as part of the Navy MWR web site at www.mwr.navy.mil. The brochure and the web pages describe detailed course offerings, training schedules, and quota information. In addition, a course selection grid is offered for determining appropriate training by job title. Activities desiring to use the courses offered should follow the instructions contained there. CMWR directors should liaison with the local military MWR director to ensure participation in those NAVPERSCOM (PERS-65) -sponsored MWR courses that are occasionally conducted at local installations/regions.

   b. Recommended Courses. CMWR program activity/functional managers, (e.g., cafeteria manager, business manager, ITT manager) and those being groomed for these positions should successfully complete the NAVPERSCOM MWR Manager’s Course and the Management Skills Training Course (MASTR) at the earliest practical date after their initial employment with the CMWR activity. Both should be completed, in no particular order, within 3 years of the date of employment.

   c. Financial Management Course. CMWR program activity managers managing more than one major CMWR program should also successfully complete the MWR Senior Managers Financial Management course. CMWR directors who are new to Navy CMWR should attend this course. See the current NAVPERSCOM (PERS-654) MWR training program brochure/web site at www.mwr.navy.mil/mwrprgms/training1.htm for the course description and the dates and locations of these required courses.

   d. Professional Development. It is recommended that CMWR program activity managers attend at least one outside professional development session annually after completing the courses recommended above. Annual professional development for activity managers may be satisfied by attendance at NAVPERSCOM (PERS-65) MWR workshops, conferences and workshops sponsored by professional organizations (e.g., National Recreation and Park Association (NRPA), International Military Community Executives Association (MCEA), local on-base command training sessions,
courses offered by local universities/community colleges and other appropriate training course sources.)

e. On-the-job Training. A local systematic approach to on-the-job training (OJT) is strongly encouraged. The vast majority of training offered locally is informal and unstructured OJT. Assistance in conducting OJT is available through the mid-level managers’ course/NAVPERSCOM (PERS-654). To that end, NAVPERSCOM (PERS-654) administers a Media Resource Center (MRC). The mission of the MRC is to provide professionally produced and up-to-date technical, management, leadership, and motivational videos to supplement the training programs of local MWR programs. The MRC is available at no cost on a first-come, first-served basis. In times of budget constraints, these materials offer CMWR activities an attainable, low-cost alternative to more formal employee training and development.

f. Individual Development Plan (IDP). An IDP should be developed for all CMWR employees enabling them to recognize training needs to meet the requirements of their present job and to provide them with opportunities for career progression.

405. Membership in Professional Associations. Professional or trade association memberships in the name of the civilian NAFI or a position within the NAFI (e.g., "Food Service Manager") may be paid by the civilian NAFI. Membership may not be in the name of an individual. Before any membership is attained in the name of the NAFI, ensure an Ethics Advisor (Staff Judge Advocate) is consulted to ensure no ethics violation would result.

406. Procurement Policies. Procurement policies and procedures are contained in reference (q). Navy CMWR activities can also use the Air Force Nonappropriated Funds Purchasing Office (AFNAFPO) located at Randolph Air Force Base, TX. For more information on AFNAFPO, contact NAVPERSCOM (PERS-656) at p656@persnet.navy.mil or Comm (901) 874-6674/DSN 882.

407. CMWR Vehicles. The administration and operation of all CMWR vehicles is a command function. Additional information regarding CMWR vehicles is contained in chapter 5 of reference (t).

408. Entertainment. Entertainment will conform to appropriate standards of discretion, modesty, and good taste, whether contracted directly by management or by individuals booking private parties. Regardless of the type of entertainment that may be offered in the local community, it is not in the best
interest of the Navy to allow standards of taste in entertainment to seek their own level on the assumption that anything that people desire is allowable. Entertainment should be suitable for a typical mixed community audience. Female/male nude/partially nude dancers are prohibited. Entertainment that could conceivably result in embarrassment to DON shall be avoided. The audience composition and potential media reaction must be considered in selecting entertainment. Appendix F contains additional guidelines and a sample entertainment contract.

409. Use of Official Mail. CMWR NAFIs may use official mailings only to conduct official business concerning matters of Navy Department administration, such as reports and correspondence regarding regulations, policies, practices, etc. Specific policy and guidance related to CMWR activity use of official mail postage paid indicia are contained in reference (gg).

a. Unofficial Correspondence. The cost of mailing correspondence relating to procurement of goods for resale, pertaining to collection of NAFI income and other unofficial related matters will be paid with activity NAF funds. APF funds are not authorized for this purpose.

b. Official Correspondence. Postal services are authorized when involving official communications within and between government agencies, persons and private commercial agencies not related to the sale of goods and services. That portion not related to the resale of merchandise or services is authorized APF.

410. Authorized APF Support

a. Use of Surplus APF Equipment. See section 315 of this instruction.

b. CMWR Equipment. The purchase of CMWR equipment with APFs is not authorized. Further, reference (o) requires that the cost of maintaining and repairing equipment acquired with NAFs be borne by the NAFI.

(1) For ease of maintaining accountability and fixing responsibility, CMWR property purchased with NAFs shall be identified and marked by number/code.

(2) NAF property accounted for as fixed assets shall be capitalized, recorded, controlled, and depreciated per appendix C to reference (c) and reference (s), as applicable. A fixed asset
is defined as property which ordinarily retains its original identity during use, has a unit acquisition value of $1,000 or more, and a life expectancy of 2 years or more (e.g. furniture, pool table, television.)

c. Facilities. Reference (o) authorizes the use, maintenance, and repair of Government facilities by CMWR activities. As authorized by appendix C to reference (c), repair and maintenance costs paid from NAF are authorized only when APFs are not available or sufficient.

d. Utilities. Reference (o) requires that all utility costs for Category II CMWR activities be paid from NAFs. Category IV utility costs may be paid from APF on the same basis as comparable military MWR activities.

e. Other Logistical Support. In the daily operation of civilian employee MWR activities, particularly Category II activities, the authorization and funding of logistical support is of major importance. APF support is authorized for

(1) supplies. The supply of expendable items to Category II and IV activities for the purposes of ECECS. All other supplies will be provided with NAFs.

(2) transportation. NAFs shall be used for transportation of NAFI property. However, APFs can be used under the following conditions:

(a) Equipment classified as excess.

(b) Base closure.

(c) Emergency conditions.

(d) Transportation of personnel by Government-owned vehicles is authorized for use only in ECECS functions. Other use of Government-owned vehicles by Category II and IV civilian NAFIs, including transportation of personnel, shall be on a reimbursable basis.

(3) communications. APF support is authorized for ECECS and when communicating with other DOD and governmental agencies. Examples are data gathering and reporting and obtaining command and departmental-level information. Otherwise, NAFs must be used for communication’s costs related to resale activities,
collections of income, and other NAFI internal administrative and operational functions.

(4) common services. These services are necessary for security protection, health, sanitation, and safety. They are, therefore, authorized to be furnished from APF resources for both Categories II and IV.

(5) exemptions for small CMWR activities. Reference (o) authorizes APF support for common services as defined therein when total annual cost of these services to CMWR activities is $500 or less. This exemption may have particular applicability to small CMWR activities and should be carefully examined to achieve authorized economies in proration and billing.

411. Management Assistance. Technical assistance is available from NAVPERSCOM (PERS-658), in coordination with the appropriate NAVPERSCOM (PERS-65) program manager, to assess the overall CMWR program or to conduct individual program assessments. Assistance is provided only upon request of the command or the chain of command.

412. Safety. Reference (hh) provides policy and assigns responsibility for the DON safety, mishap prevention, occupational health and fire protection programs. An aggressive safety program will be in effect for CMWR activities. The operation of safe CMWR facilities and programs is important to both CMWR employees and CMWR patrons. Specific actions to alert personnel to hazards involved in the use of certain materials and prescribe necessary precautionary measures must be coordinated with local offices of health and safety. Such actions should include, but are not limited to, emphasis on the proper handling and storage of hazardous materials and should be made an integral part of all orientation briefings for newly assigned/employed personnel.

a. Safety inspections of CMWR organization facilities shall be performed on a regular basis to ensure that all CMWR property, equipment, fixtures, and vehicles are operating properly. The Naval Safety Center, Norfolk is a valuable resource to help optimize locally developed CMWR safety programs. COs may request on-site safety assessments of local CMWR programs from the Commander, Naval Safety Center (COMNAVSAFECEN), Recreation and Off-Duty Safety (RODS) Program Manager (Code 46), at Comm 757-444-3520/DSN 564 (extension 7181). These safety assessments are available at no cost.
b. Reference (ii) requires each installation to designate a Recreation, Athletics, Home and Safety (RAHS) Program manager. Each CMWR organization will institute its own safety program and participate in the installation's safety program. Positive safety programs work to reduce the frequency and severity of accidents and injuries to CMWR employees and patrons and help protect against Workmen’s Compensation and Liability Claims made against CMWR NAFIs. Guidelines for establishing an adequate safety program are outlined in references (n), (hh), (ii) and (jj).

413. Retention and Disposal of Records

a. Retention

(1) General correspondence, reports, minutes of official meetings (including advisory groups), inspection reports, and other correspondence relating to administration, management, and operation will be retained for a minimum period of 3 years.

(2) All records relating to financial administration, including financial statements and reports, check books, journals, vouchers, balance sheets, and other books and records of accounts shall be retained for 3 years.

(3) Information concerning the retention of records pertaining to NAF personnel and payroll is contained in reference (n).

(4) Any records of an incident resulting in potential litigation, as indicated by a Navy judge advocate, will be retained until such permission is sought and received from competent military authorities.

b. Disposal. The disposal of all general correspondence and financial records will be per reference (kk).

414. Patron Usage Statistics. The establishment and maintenance of a system to maintain information about the usage of CMWR activities, programs, and services should be in place. Maintenance of usage statistics (hourly, daily, monthly, as appropriate) will assist management in the following:

a. Identify high/low used facilities, equipment, services and programs.

b. Justify budget requirements.
c. Identify high and low periods of usage to determine optimum hours that the facility should be open.

d. Identify patron demographic groups with low usage for target marketing efforts.

e. Justify capital improvement/new construction requirements.

f. Monitor trends in patron usage (positive and negative) to provide early warning of potential problems within the activity (e.g., quantity/quality of equipment, personnel, and cleanliness) or changes in patron preferences.

415. Marketing. Marketing is the process of planning and delivering programs and services that will satisfy patron needs and interests. Knowing who your competitors are, as well as knowing the availability of CMWR-related programs, services and products in the local area, is an essential part of assessing the market for your CMWR programs, activities, services, and products.

a. Understanding what is available in the local community will help CMWR managers do the following:

(1) Determine whether current CMWR programs should be continued or enhanced or new CMWR programs established.

(2) Assess the accessibility and capabilities of comparable CMWR-related activities, programs, services and products in the local area.

(3) Better understand the needs of the CMWR activity customer base.

(4) Identify strengths and weaknesses of the CMWR program relative to similar and alternative programs available in the community.

(5) Identify ways of improving your activities, services, and products.

(6) Be aware of any new threats or challenges to your CMWR operation.

(7) Predict market trends and estimate the need for potential future CMWR programs.
b. **Patron Input.** Management will implement processes to collect input from patron concerning their needs and interests. Locally developed patron surveys, focus groups, and advisory group discussions are all valuable means of getting information on patron preferences.

c. **Marketing Plan.** Adopting a marketing approach can make a significant difference in patron satisfaction, community awareness of facilities and services, and the financial viability of CMWR operations. Information on development of marketing plans (e.g., for food and beverage operations) is distributed by NAVPERSCOM (PERS-65) as a supplement to program assessment tools. This information will help local commands in developing marketing strategies and action plans. The marketing plan should ensure that appropriate resources are budgeted for CMWR activity managers to perform periodic local market assessments.

416. Policy for Implementation of Domestic Violence Misdemeanor Amendment to the Gun Control Act for Civilian Personnel

a. The Gun Control Act of 1968, (18 U.S.C., 921 et seq.) makes it a felony for anyone who has been convicted of a misdemeanor crime of domestic violence to ship or transport in interstate or foreign commerce, or possess in or affecting commerce, any firearm or ammunition; or to receive any firearm or ammunition which has been shipped or transported in interstate or foreign commerce. It is also a felony for any person to sell/transfer or otherwise dispose of a firearm to any person so convicted.

  (1) "Misdemeanor crime of domestic violence" is generally defined as any offense (whether or not explicitly described in a statute as a crime of domestic violence) which has, as its factual basis, the use or attempted use of physical force, or the threatened use of a deadly weapon, committed by the victim's current or former domestic partner, parent, or guardian.

  (2) The term "convicted" is generally defined in the statute as excluding anyone whose conviction has been expunged or been set aside, or has received a pardon. It also does not include nonjudicial punishment (article 15, UCMJ action) or a summary courts-martial conviction.

  (3) This provision applies to employees convicted at any time prior to or after the passage of the 30 September 1996 law. If civilian employees have ever been convicted of a misdemeanor crime of domestic violence within the meaning of the statute,
continued retention of any firearm or ammunition, whether Government-issued or privately-owned, may subject the employee to felony criminal penalties including a sentence of imprisonment of up to 10 years and a fine of up to $250,000.

b. COs shall take reasonable steps to ensure that current and future CMWR personnel (APF and NAF), whose positions require or entails shipping, transporting, possessing, receiving, or disposing of firearms or ammunition, do not have qualifying domestic violence convictions. Employees determined to have a qualifying conviction shall be removed from positions in CMWR activities involving the possession of firearms or ammunition.

(1) Appendix G provides DOD policy relating to any current and future CMNWR NAFI employee who is involved with firearms or ammunition as part of their duties, e.g., skeet/trap range, pistol ranges, and outdoor recreation area hunting programs. Each employee should read and complete DD 2760, Qualification to Possess Firearms or Ammunition.

(2) A copy of the completed DD 2760 shall be provided to the employee as well as a copy placed in the employee’s personnel file.

417. Tobacco/Smoking Policy. It is OSD position that use of tobacco products is detrimental to the health and readiness of military forces.

a. Merchandise Display and Promotions

(1) CMWR retail outlets will not enter into any merchandise display or promotion agreements, or exercise any options in existing agreements, that provide for any increase in total tobacco shelf-space which would exceed existing space as of 15 October 1997. This provision does not prohibit coupons, or incentives that allocate tobacco shelf-space among brands, so long as total tobacco shelf-space is not increased.

(2) Retail outlets will not use self-service promotional displays outside of the principal tobacco display area or accept incentives to increase the total number of tobacco displays.

b. Smoking in CMWR Facilities. Per reference (11), Navy smoking policy (i.e., use of smoking and smokeless tobacco) applies to any interior space owned, rented, or leased by DON. This includes any Navy owned/controlled/leased/rented space, building, facility, floating unit, aircraft, or vehicle and
applies to all military and civilian personnel, including APF and NAF employees, family members, visitors, volunteers, contractors, and personnel of other agencies and businesses that operate within or visit DON-controlled spaces.

(1) Where heating, ventilation and air conditioning (HVAC) system is separate, smoking is prohibited unless specifically authorized by the CO or Regional Commander. The CO or Regional Commander should take into consideration the recommendations of the base environmental engineer, whose evaluation should include an examination of the ventilation system plans and a site visit.

(2) Smoking in stand-alone CMWR facilities is likewise prohibited, unless specifically authorized by the CO or Regional Commander, considering the recommendations of the environmental engineer following a review of the ventilation system plans and site visit.

(3) Selection of designated smoking areas will not be based upon the convenience of smokers, but upon those factors that prevent involuntary exposure to Environmental Tobacco Smoke (ETS) and the pollution of surrounding areas.

(4) When possible, outdoor smoking areas shall be designated that are reasonably accessible to employees and provide a measure of protection from the elements such as existing awnings and covered areas, overhangs of buildings, etc. Since ETS is classified as a “potential Class A” carcinogen, exposure to ETS shall be reduced to the lowest possible concentration. Smoke-break areas should be outdoors only, away from common points of entry/exit of the CMWR facility, and not in front of building air intake ducts. The distance from the building entry/exit which smokers must maintain is to be determined by the CO or Regional Commander. This policy does not require that funds be used to provide sheltered, outdoor smoking areas.

c. Cigarette Sales to Minors and Sampling of Tobacco Products. Per P.L. 104-52, the sale of tobacco products in vending machines is prohibited, tobacco products shall not be sold to minors (i.e., anyone under 18 years of age) and distribution of free samples of tobacco products are prohibited.
APPENDIX A

TRIENNIAL REVIEW OF CIVILIAN MWR (CMWR) ACTIVITIES
(PLEASE COMPLETE ONE QUESTIONNAIRE FOR EACH CIVILIAN MWR NAFI)

Date Prepared: __________

1. GENERAL
   a. Name of Command: ___________________________________________________________
   b. Type of Civilian MWR NAFI
      Category II: Cafeteria_______ Snack Bar_______ Other_______
      Category IV: ____________________
   c. Official Address:
      ________________________________________________________________
      ________________________________________________________________
      ________________________________________________________________
      ________________________________________________________________
   d. Point of Contact (Manager/Director): ______________________________________
      Telephone Number: (DSN) ______-_________ (C) ______-______-_________
      E-Mail Address: _________________________________________________
   e. Command Evaluation and Review POC: ______________________________________
      Telephone Number: (DSN) ______-_________ (C) ______-______-_________
      E-Mail Address: _________________________________________________
   f. Region: ____________________________________________________________

2. MISCELLANEOUS
   a. Briefly describe the purpose of the CMWR NAFI:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
TRIENNIAL REVIEW OF CIVILIAN MWR (CMWR) ACTIVITIES (CONT'D)
(PLEASE COMPLETE ONE QUESTIONNAIRE FOR EACH CIVILIAN MWR NAFI)

b. Based on availability of existing military MWR programs and adequacy of off-base recreation/food service programs, does the need for this CMWR NAFI still exist?

____________________________________________________________________________________
____________________________________________________________________________________

b. Based on availability of existing military MWR programs and adequacy of off-base recreation/food service programs, does the need for this CMWR NAFI still exist?

____________________________________________________________________________________
____________________________________________________________________________________

c. List the types of MWR activities conducted by the CMWR NAFI (types of sports, social/recreational programs, food service operations, etc.)

1. ___________________  3. ___________________  5. ___________________
2. ___________________  4. ___________________  6. ___________________

d. Sources of NAF income last fiscal year, (cafeteria operations, vending machine commissions, bake sales, trips, entertainment tickets, etc.)

<table>
<thead>
<tr>
<th>Facility/Program</th>
<th>Income</th>
<th>Facility/Program</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
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<td>$</td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

e. Number of base-wide civilian employees served: _____________

Parent (Host) Command: ___________  Tenant Command: ___________

f. Number of military personnel served if there is no military MWR activity available: ___________.

g. Indicate the number of employees of the CMWR NAFI (Provide names of employees in paragraph 6 of this questionnaire.):

Full time: _____  Part time: _____  Flexible: _____  None: _____

h. Provide the date of the last fiscal oversight review. ___________.

(1) What organization conducted the last fiscal oversight review?

☐ NAVPERSCOM  ☐ Local Audit Board  ☐ Command Evaluation  ☐ Certified Public Accounting Firm

(2) How often are fiscal oversight reviews conducted? ___________.

i. Indicate amount of appropriated funds (APF) provided the CMWR NAFI (indicate facilities and the amount of APF support received during last fiscal year for each facility, e.g., amount of utilities/maintenance not subject to reimbursement.)

<table>
<thead>
<tr>
<th>Facility</th>
<th>APF Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

A-2
APPENDIX A

TRIENNIAL REVIEW OF CIVILIAN MWR (CMWR) ACTIVITIES (CONT’D)  
(PLEASE COMPLETE ONE QUESTIONNAIRE FOR EACH CIVILIAN MWR NAFI)

3. INSURANCE  
(If no employees, proceed to question 4.)

a. Insurance carrier providing Workman's Compensation coverage:

   Name of Carrier: ____________________________

   Address: ___________________________________

b. Who provides your Unemployment Compensation coverage?

   NAVPERSCOM: ______ State: ______

c. Name of Employees’ Medical Benefits Plan: ____________________________

d. Name of Employees’ Life Insurance Benefit Plan: _________________________

e. Name of Employees’ Disability Benefits Plan: ___________________________

f. Name of company providing Fidelity Insurance: __________________________

g. Who provides your Employee Retirement Plan?

   NAVPERSCOM: Yes ☐ No ☐

   Commercial Firm: ____________________________ (Provide Name)

h. Who provides your Employee 401K Plan?

   NAVPERSCOM: Yes ☐ No ☐

   Commercial Firm: ____________________________ (Provide Name)

4. FOOD AND BEVERAGE OPERATIONS (Cafeteria, Snack Bar, Catering)

   a. Please indicate all services provided (please check all that apply):

      Breakfast: ☐ Lunch: ☐ Dinner: ☐ On-Base Catering: ☐

      Other (e.g., food service to night shift employees, etc.) Please specify:

      ____________________________________________

   b. If you provide food services, do you also sell alcoholic beverages?

      Yes ☐ No ☐
Appendix A

TRIENNIAL REVIEW OF CIVILIAN MWR (CMWR) ACTIVITIES (CONT’D)
(PLEASE COMPLETE ONE QUESTIONNAIRE FOR EACH CIVILIAN MWR NAFI)

c. Please complete the following information about the food and beverage and
recreation programs offered by the CMWR program:

(1) Food and Beverage Services

<table>
<thead>
<tr>
<th>Number</th>
<th>Seats</th>
<th>Approximate Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cafeteria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snack Bar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>(Annual number of contracts)</td>
<td>N/A</td>
</tr>
<tr>
<td>Canteens</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Mobile Canteens</td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>

5. CMWR VENDING MACHINE OPERATIONS

a. Machines are operated by:  
   CMWR NAFI  
   Navy Exchange  
   Contractor

b. Is vending program tied to a food and beverage contract?  Yes  No

Note: This is for local use and is not required to be submitted to NAVPERSCOM.
APPENDIX B (PART 1)

VENDING FACILITY PROGRAM FOR THE BLIND ON FEDERAL PROPERTY
ANNUAL VENDING SUMMARY

Fiscal Year: _____

Name of Civilian MWR Activity: _________________________________

Name of Installation: _________________________________________

Person Responsible for Report: _________________________________

Title: _________________________________________________________

Phone Number: Commercial/DSN______________________________

E-Mail: ______________________________________________________

<table>
<thead>
<tr>
<th>Current Blind-Operated Vending Facilities/Machines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vending facilities currently operated by the blind</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B (PART 2)

STATE LICENSING AGENCY APPLICATIONS
FOR ESTABLISHMENT OF VENDING FACILITIES ON FEDERAL PROPERTY

<table>
<thead>
<tr>
<th>State</th>
<th>Applications from State Licensing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number Pending from Prior FY</td>
</tr>
<tr>
<td></td>
<td>number</td>
</tr>
</tbody>
</table>

1. Provide separate list of applications approved by location (e.g., building name, installation, city and State).

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<tr>
<th>Building Name</th>
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2. Provide separate list of applications denied by location (e.g., building name, installation, city and State). Also include reason for denial (e.g., unfeasibility of site, lack of funds, or lack of qualified vendors).

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Installation</th>
<th>City</th>
<th>State</th>
<th>Reason for Denial</th>
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APPENDIX B (PART 3)

STATE LICENSING AGENCY APPLICATIONS
FOR ESTABLISHMENT OF CAFETERIAS AND OTHER CONTRACTS ON FEDERAL PROPERTY

<table>
<thead>
<tr>
<th>State</th>
<th>Applications from State Licensing Agency</th>
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<tbody>
<tr>
<td></td>
<td>Number Pending from Prior FY</td>
<td>Received During Current FY</td>
<td>Number Accepted¹</td>
<td>Number Denied²</td>
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1. Provide separate list of applications approved by location (e.g., building name, installation, city and State).

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<tr>
<th>Building Name</th>
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2. Provide separate list of applications denied by location (e.g., building name, installation, city and State). Also include reason for denial (e.g., unfeasibility of site, lack of funds, or lack of qualified vendors).

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Installation</th>
<th>City</th>
<th>State</th>
<th>Reason for Denial</th>
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APPENDIX B (PART 4)

ANNUAL VENDING MACHINE INCOME
FROM VENDING MACHINES UNDER THE CONTROL OF CMWR
(DOES NOT INCLUDE NAVY EXCHANGE OPERATED/CONTRACTED MACHINES)

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State</td>
<td>Net Income</td>
<td>Total Amount Excluded from $3,000 Minimum (indirect competition)</td>
<td>Amount Subject to Sharing with State Licensing Agency</td>
<td>Share Formula (50%, 30%, 10%, etc.)</td>
<td>Keep Formula (50%, 70%, 90%, etc.)</td>
<td>Amount Shared with State Licensing Agency</td>
<td>Amount Retained</td>
<td>Amount Disbursed to State Licensing Agency</td>
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Example

|   |     | $54,000 | $2,500 | $51,500 | 30%  | 70%  | $15,450 | $36,050 | $9,400 | $6,050 |
|   | VA   | $10,000 | $500   | $9,500  | 100% | 0%   | $9,500  | 0       | $9,000 | $500   |
|   | VA   | $5,000  | 0      | $5,000  | 50%  | 50%  | $2,500  | $2,500  | $2,500 | 0      |
|   | VA   | $3,500  | $1,000 | $2,500  | 15%  | 85%  | $375    | $2,125  | 0      | $375   |

If this is filled out correctly the following equations will be true:

\[
\begin{align*}
  B & = C + G + H \\
  D & = B - C \\
  F & = 100\% - E \\
  H & = F \text{ of } D \\
  B & = C + H + I + J \\
  D & = G + H \\
  G & = E \text{ of } D \\
  J & = G - I
\end{align*}
\]
INSTRUCTIONS FOR COMPLETING APPENDIX B (PART 3)

Column A: State - Enter the State in which the revenue is collected.

Column B: Net Income - Record total receipts collected from vending machine operations, including commissions paid by a commercial vending concern which operates vending machines on installation property. Deduct the cost of goods sold (including reasonable service and maintenance costs). This should be the amount of profit made after all fees are deducted. **DO NOT INCLUDE RECEIPTS FROM RANDOLPH-SHEPPARD ACT VENDING MACHINE FACILITIES OPERATED BY LICENSED BLIND VENDORS OR ANY COMMISSIONS PAID BY A BLIND VENDOR. DO NOT INCLUDE ANY RECEIPTS FROM VENDING MACHINES OPERATED BY OR FOR THE NAVY EXCHANGE.**

Column C: Total Amount Excluded from $3,000 Minimum - Record total amount of $3,000 exclusion taken from vending machine operations at locations, installation or facility not in direct competition with a blind-operated vending facility.

Column D: Amount Subject to Sharing with State Licensing Agency - Record the dollar amount of net income subject to sharing with the State licensing agency (i.e., column B minus column C).

Column E: Share Formula (50%, 30%, 10%, etc.) - Record the percentage of the amount subject to sharing that must be shared. The vending machine income-sharing requirements are as follows:

1. One hundred percent of the vending machine income from vending machines in direct competition with blind-operated vending facilities will be provided to the State-licensing agency.
2. Fifty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities will be provided to the State-licensing agency.
INSTRUCTIONS FOR COMPLETING APPENDIX B (PART 3) (CONT’D)

3. Thirty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities, and located where at least 50 percent of the total hours worked on the premises occurs during other than normal working hours will be provided to the State licensing agency.

4. Some States have special agreements as to the percent shared and kept. If that is the case, enter those percents in place of the 100, 50 or 30 percent.

NOTE: If some locations on your installation are subject to different sharing percentages than other locations, enter them on separate lines. For example, if there are locations that have to share 50% and locations that have to share 30 percent, group all the 50 percent locations on one line and all the 30 percent locations on another line. This is the only way to make the formulas come out correctly and ensure accuracy.

**Column F:** Keep Formula (50 percent, 70 percent, 90 percent, etc.) - Record the percentage of the amount subject to sharing that does not have to be shared. To get this percentage subtract the percent you must share in Column E from 100 (e.g., 30 percent shared means 70 percent not shared).

**Column G:** Amount Shared with State Agency for the Blind - Record the dollar amount resulting from the percentage shared (i.e., column E of Column D). If Column E were 30 percent and Column D were $100, Column G would be $30.00.

**Column H:** Amount Retained - Record the dollar amount retained, i.e., Column F of Column D). If Column F were 70 percent and Column D were $100, Column H would be $70.

**Column I:** Amount Disbursed to State Licensing Agency - Record the amount that has been distributed during the year to the State licensing agency to date.
Column J:  Amount Pending Disbursement to State Licensing Agency
- Record the amount due the State licensing agency for the year but has not yet been distributed.
### APPENDIX C

#### VOLUNTEER AGREEMENT FOR

<table>
<thead>
<tr>
<th><strong>APPROPRIATED FUND ACTIVITIES</strong></th>
<th><strong>NONAPPROPRIATED FUND INSTRUMENTALITIES</strong></th>
</tr>
</thead>
</table>

**PRIVACY ACT STATEMENT**

AUTHORITY: Section 1588 of Title 10, U.S. Code, and E.O. 9397.

PRINCIPAL PURPOSE(S): To document voluntary services provided by an individual, including the hours of service performed, and to obtain agreement from the volunteer on the conditions for accepting the performance of voluntary service.

ROUTINE USE(S): None.

DISCLOSURE: Voluntary; however failure to complete the form may result in an inability to accept voluntary services or an inability to document the type of voluntary services and hours performed.

---

### PART I - GENERAL INFORMATION

<table>
<thead>
<tr>
<th>1.Typed Name of Volunteer (Last, First, Middle Initial)</th>
<th>2. SSN</th>
<th>3. Date of Birth (YYYYMMDD)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>4. Installation</th>
<th>5. Organization/Unit Where Service Occurs</th>
</tr>
</thead>
</table>

|---------------------------------|-----------------------------|---------------------|

### PART II - VOLUNTEER IN APPROPRIATED FUND ACTIVITIES

**10. Certification**

I expressly agree that my services are being provided as a volunteer and that I will not be an employee of the United States Government or any instrumentality thereof, except for certain purposes relating to compensation for injuries occurring during the performance of approved volunteer services, tort claims, the Privacy Act, criminal conflicts of interest, and defense of certain suits arising out of legal malpractice. I expressly agree that I am neither entitled to nor expect any present or future salary, wages, or other benefits for these voluntary services. I agree to be bound by the laws and regulations applicable to voluntary service providers, and agree to participate in any training required by the installation or unit in order for me to perform the voluntary services that I am offering. I agree to follow all rules and procedures of the installation or unit that apply to the voluntary services I will be providing.

<table>
<thead>
<tr>
<th>a. Signature of Volunteer</th>
<th>b. Date Signed (YYYYMMDD)</th>
</tr>
</thead>
</table>

### PART III - VOLUNTEER IN NONAPPROPRIATED FUND INSTRUMENTALITIES

**12. Certification**

I expressly agree that my services are being provided as a volunteer and that I will not be an employee of the United States Government or any instrumentality thereof, except for certain purposes relating to compensation for injuries occurring during the performance of approved volunteer services and liability for tort claims as specified in 10 U.S.C. Section 1588(d)(2). I expressly agree that I am neither entitled to nor expect any present or future salary, wages, or other benefits for these voluntary services. I agree to be bound by the laws and regulations applicable to voluntary service providers, and agree to participate in any training required by the installation or unit in order for me to perform the voluntary services that I am offering. I agree to follow all rules and procedures of the installation or unit that apply to the voluntary services that I am offering.

<table>
<thead>
<tr>
<th>a. Signature of Volunteer</th>
<th>b. Date Signed (YYYYMMDD)</th>
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### PART IV - TO BE COMPLETED AT END OF VOLUNTEER’S SERVICE BY VOLUNTEER SUPERVISOR

|-------------------------------------|--------------|--------------------------------|

<table>
<thead>
<tr>
<th>a. Years (2.50 years = 1 year)</th>
<th>b. Weeks</th>
<th>c. Days</th>
<th>d. Hours</th>
</tr>
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<table>
<thead>
<tr>
<th>17. Typed Name of Supervisor (Last, First, Middle Initial)</th>
<th>b. Signature</th>
<th>c. Date Signed (YYYYMMDD)</th>
</tr>
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**DD FORM 2793, FEB 2002**

PREVIOUS EDITION IS OBSOLETE. Exception to Standard Form 50 granted by Office of Personnel Management (OPM) waiver.
APPENDIX D
CONTRACTING AND ACCOUNTING PROCEDURES
FOR VENDING MACHINES

SAMPLE CONTRACT

1. The attached sample contract contains recommended provisions considered desirable for procurement of vending machines/services by Navy civilian NAFIs.

2. The sample has been annotated with explanatory remarks in parentheses. These notes should not appear in actual procurement documents. In paragraph 8 COMPENSATION, the parties may agree to a fixed percentage commission of gross sales rather than the itemized price less cost difference as shown. The contract should be written accordingly.

3. Provisions are subject to minor modification if necessary to suit local circumstances. Contractor requests for deletion or major modification of any of the provisions should be referred to NAVPERSCOM (PERS-65) for approval.
SAMPLE CONTRACT FOR VENDING SERVICES

VENDING SERVICES

1. This contract is entered into as of _____ (Date)_____, between the U.S. Navy _____ (Name of Civilian NAFI)_____, hereinafter called the NAFI, by and through its duly authorized contracting officer and _____ (Name of Vending Company), hereinafter called the contractor, by and through its duly authorized agent or person authorized to contract for said contractor.

2. **SCOPE**

   The contractor shall provide the NAFI with vending machines in such number and at such locations as shall be designated by the NAFI during the period of the contract. The parties shall jointly determine service schedules, machine replacement or rotation as appropriate. The machines will be adequately supplied and serviced by the contractor. All products provided to the NAFI for sale through the machines shall remain at all times until vended, the property of the contractor.

3. **KEY CONTROLS**

   Each machine is to be delivered with two keys, one controlling access to the working mechanism and the other to the cash box alone. Both keys shall be delivered to the contracting officers at the time of machine installation. The keys will remain with the contracting officers or with designated custodians except when logged out by the cash verifiers. Working mechanism access key may be logged out separately to contractors service personnel but at no time shall either the contractors or their representatives, or the cash verifiers be alone in sole possession of both keys.

4. **RISK OF LOSS**

   The NAFI assumes any loss resulting from the use of slugs or foreign coins, as well as any loss resulting from pilferage or destruction, provided however, that the contractor shall not be relieved of liability for its negligence, or for the negligence of its employees. The contractor assumes, and shall reimburse the NAFI for, any loss resulting from equipment malfunctions.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

which permit a machine to operate without deposit of payment or
which prevent a machine from operating after it has accepted
payment.

5. CHANGE BANKS

All funds required to established change banks in vending
machines to levels prescribed by the contracting officer are
funds of the NAFI and will be furnished to the contractor by the
NAFI. The contractor shall not use these funds for any purpose
other than as change bank funds which must be placed in the
change banks of the machines. Upon expiration of the contract,
all such change funds shall be returned to the NAFI by the
contractor.

6. COLLECTION OF SALES RECEIPTS

Each participating activity will, in writing, appoint one
qualified cash verifier and one alternate cash verifier. All
coin collection will be made by the contractor during normal
working hours on a pre-coordinated basis, accompanied and
supervised by the cash verifier, subject to such internal
controls as may be prescribed by the NAFI. The contractor is
required to furnish one coin denomination separator and counting
machine for making all collection at each participating
installation.

7. REPORTING AND SETTLEMENT OF ACCOUNTS

The contractor shall, simultaneously with each collection,
furnish the NAFI with a written report thereof, in a form
satisfactory to the contracting officer, itemizing collections
separately for each machine and building location and verified by
the designated cash verifier. The parties shall mutually agree
on the time or times when settlement of accounts shall be made,
but in no event, with or without such agreement, shall such
settlement be made less frequently than once each month.
8. **COMPENSATION**

The following amounts due shall be accepted by the parties as full compensation for the use by NAFI of the machines, for the purchase price of the product dispensed, for all services performed by the contractor, and for reimbursement for all costs incurred by the contractor, and shall be per the following cost/price structure. The difference between the selling price and the cost per unit shall accrue to the NAFI.

<table>
<thead>
<tr>
<th>Product(s) Sold</th>
<th>Cost per Unit (includes all charges payable to contractor)</th>
<th>Selling Price (established by the NAFI)</th>
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9. **SPECIFICATION**

The specification, quantity, and location of the vending machines to be furnished hereunder are stated in the following schedule of equipment:

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<thead>
<tr>
<th>Type of Unit</th>
<th>Quantity</th>
<th>Location</th>
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10. **TITLE AND RISK OF LOSS**

Unless specifically provided elsewhere in this contract, title to the vending machines, machine components, including replacement parts, etc., shall remain with the contractor. The contractor assumes full risk and responsibility for any loss or damage occurring to said machines and components, except as may be attributable to the NAFI by reason of negligence of its officers, agent, or employees.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

11. INSTALLATION

All vending machines in the type and quantities specified shall be delivered, installed, and bolted in place as directed by the contracting officer per applicable national and local codes and in compliance with all safety and security measures required by the contracting officer.

12. SPACE, UTILITIES, AND STORAGE

The contractor shall not be required to pay any rental for the space occupied by the vending machines furnished hereunder when in use on the premise where installed. The contractor shall not be required to pay the cost of any utilities, which may be found necessary for the use, or operation of any vending machines furnished hereunder. The contractor shall not be required to pay for any building alteration costs, remodeling, painting, or the installation of utilities that may be required for the operation of vending machine. However, the contractor is not authorized to make any improvement or alterations to the space or to the facilities in which the machines are installed. Upon request of the contractor and sufficient justification appearing therefor, the activity manager may supply space, if available, for the storage of contractor's property. Except for the willful misconduct or gross negligence of the employees of the activity, the activity shall not be responsible for the safety of the contractor's property so stored. The contractor shall not be required to pay rent for any spaces occupied by its products on the military installation. In the event of termination or cancellation of this contract as herein provided, the contractor shall remove all its property, at its expense, and upon its failure to do so, the contracting officer may remove and store said property, and charge the contractor for any expenses incurred for such removal and storage.

13. SERVICE AND MAINTENANCE

Contractors, at their own expense, shall keep all equipment required to be provided under the contract, including any meters and special attachments thereto, in proper working order and will accomplish all repair work within 4 hours after receipt of
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

notification or discovery of any breakdown. Breakdowns reported on weekends, holidays or after the contractor's normal working hours will be repaired within 4 hours after the start of the next working day.

14. EMPLOYEES OF THE CONTRACTOR

All employees of the contractor employed in the performance of work under this contract shall be employees of the contractor at all times and not of the U.S. Government, its agencies or instrumentalities. The contractor shall comply with the Social Security Act, the Longshoremen's and Harbor Worker's Compensation Act, and such workers compensation and unemployment insurance laws of the State where the work is performed as shall be applicable to the work performed hereunder. The contractor shall comply with all other relevant legislation, State and Federal. When on the military installation, employees of the contractor shall at all times conduct themselves in an orderly and proper manner and maintain a presentable appearance and a courteous attitude. The contracting officer may require the contractor to remove from the job employees whose conduct does not meet such standards or is inconsistent with the interest of military security. Contractor agrees that in the performance of work under this contract there will be no discrimination against any employee or applicant for employment because of race, creed, color, sex, or national origin.

15. CONTRACTOR’S WARRANTY. The contractor warrants that

a. supplies furnished will be fit and sufficient for the use intended and are not "seconds" as the term is normally understood in the trade. This warranty will survive acceptance of the supplies, and is in addition to other warranties of additional scope given by the contractor hereunder.

b. supplies and services will comply with all applicable State and Federal laws and regulations, together with all safety, noise emission, or other standards promulgated thereunder or otherwise provided, as well as with all testing safety certification, record keeping, and labeling requirements.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

c. The contractor will not represent in any manner, expressly or by implication, that the supplies or services furnished hereunder are approved or endorsed by the Department of the Navy, or any part thereof. Any advertisements, including cents-off coupons, by the vendor which refer to a Navy instrumentality will contain a statement that the advertisement was neither paid for nor sponsored, in whole or in part, by the Department of the Navy, or any part thereof.

16. INDEMNITY

a. The contractor agrees to indemnify and hold harmless the U.S. Government (including its agencies and instrumentalities, their officers, agents and employees) against liability (including liability for infringement of any patent, copyright trademark, licensing, royalty, or other right asserted by any third party with respect to entertainment performed or provided, or any part thereof, consisting of or including works of authorship or copyrightable or other works, whether musical works, including words, dramatic works, sound recordings, or otherwise, under State, Federal or other applicable law), and against any and all claims or judgements for loss, death, injury, or property damage (including costs and expenses incidental thereto) arising out of or in connection with

(1) the furnishing by the contractor or any entertainment which is subject to copyright, licensing, royalty, or other rights or requirements, and which is called for under this contract.

(2) any of the actions of activities of the contractor’s subcontractors, representatives, agents or employees while performing this contract.

(3) any of the contractor’s actions or activities.

b. Nothing hereinabove contained shall, however, relieve or be construed as relieving the U.S. Government (including its agencies and instrumentalities, and their officers, agents and employees) from any liability growing out of their negligence, nor shall anything contained hereinabove this paragraph be construed as an assumption of indemnification on the part of the contractor as against any such liability arising from or growing out of any such negligence.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

17. USE OF COPYRIGHT MATERIAL. The contractor shall make appropriate payments, or obtain and be solely responsible for, appropriate licenses or releases, from holders of copyright-protected musical or entertainment works, in conjunction with the services rendered under this contract.

18. OFFICE OF PRIMARY CONTRACT ADMINISTRATION

(Name and address of administrator of funds) is responsible for the overall administration of this contract. Modifications to this contract must be made in writing and will not become effective until approved in writing by the contracting officer.

19. TERM OF CONTRACT. The contract shall continue for a period of 12 months from the effective date unless sooner terminated as provided herein.

20. OPTION TO EXTEND

a. The contracting officer shall advise the contractor in writing at least 60 calendar days before the contract period expires of the NAFI’s desire to extend the period of the contract for ___ months. If the NAFI exercises this option, the extended contract shall be considered to include this option provision.

b. The total duration of this contract, including any extension pursuant to the option exercised under this clause, shall not exceed 5 years from the date of the original contract.

21. SUBCONTRACTING. This contract or any part thereof may not be subcontracted without the prior written approval of the contracting officer.

_________________________________     ___________________________
Print Name of Contracting Officer       Print Name of Contractor

_________________________________     ________________________________
Signature of Contracting Officer      Signature of Contractor
### SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

<table>
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SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

Attach a copy of the following standard contract clauses to all vending machine standard contracts.

NONAPPROPRIATED FUND CONTRACT CLAUSES

1. DEFINITIONS. As used throughout this contract, the following terms and abbreviations have the meaning set forth below.
   a. The term “Contract” means this agreement or order and any modifications hereto.
   b. The abbreviation “NAFI” means Nonappropriated Fund Instrumentality of the United States Government.
   c. The term “Contracting Officer” means the person executing or responsible for administering this contract on behalf of the NAFI which is a party hereto, or his successor or successors.
   d. The term “Contractor” means the party responsible for providing supplies/equipment/services at a certain price or rate to the NAFI under this contract.
   e. The term “Contracting Officer’s Representative” (COR) means a person appointed by the Contracting Officer to monitor performance and act as a liaison between the Contractor and the Contracting Officer.

2. ADVERTISEMENTS. The Contractor agrees that none of its, nor its agent’s, advertisement to include publications, merchandise, promotions, coupons, sweepstakes, contests, sales brochures, etc., shall state, infer or imply that the Contractor’s products or services are approved, promoted or endorsed by the NAFI. Any advertisement, including cents off coupons, which refers to a NAFI will contain a statement that the advertisement is neither paid for nor sponsored in whole or in part by that particular activity.

3. ASSIGNMENT. Contractors may not assign their rights or delegate their obligations under this contract without prior written consent of the Contracting Officers.

4. COMMERCIAL WARRANTY. The Contractor agrees that the supplies/equipment or services furnished under this contract shall be covered by the most favorable commercial warranties the
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

Contractor gives to any customer for such supplies/equipment or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the NAFI by any other clause of this contract. The printed terms and conditions of such warranty will be provided to the NAFI with the delivery of any supplies/equipment or services covered.

5. DISCOUNTS FOR PROMPT PAYMENT. In connection with any prompt payment discount offered, time will be computed from the date of the Contractor’s invoice. Payment is deemed to have been made as of the date on the payment check or date on which electronic funds transfer is made.

6. DISPUTES. Except as otherwise provided in this contract, any dispute or claim concerning this contract which is not disposed of by agreement shall be decided by the Contracting Officers, who shall state their decision in writing and mail or otherwise furnish a copy of it to the Contractor. Within 90 days from date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the immediate superior in command (ISIC) of the command one level above the Contracting Officer's command. The decision of this authority shall be final and conclusive. If no such appeal is filed, the decision of the Contracting Officer shall be final and conclusive. The Contractor shall be afforded an opportunity to be heard and to offer evidence in support of any appeal under this clause. Pending final decision on such a dispute, the Contractor shall proceed diligently with the performance of the contract and according to the decision of the Contracting Officer, unless directed to do otherwise by the Contracting Officer.

7. EXAMINATION OF RECORDS

a. The clause is applicable if the amount of this contract exceeds $10,000 and the contract was entered into by mean of negotiation. The Contractor agrees that the Contracting Officers or their duly authorized representative shall have the right to examine and audit the books and records of the Contractor directly pertaining to the contract during the period of the contract and up to 3 years after contract expiration date and final payment.

b. The Contractor agrees to include the clause in “a” above in all subcontracts thereunder which exceed $10,000.
8. GRATUITIES

a. The NAFI may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found after notice and hearing, by the Commanding Officer, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the Government or the NAFI with a view toward securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract.

b. In the event this contract is terminated as provided in paragraph “a” hereof, the NAFI shall be entitled

(1) to pursue the same remedies against the Contractor as it would pursue in the event of a breach of contract by the Contractor.

(2) as a penalty in addition to any other damages to which it may be entitled by law to exemplary damages in an amount (as determined by the Commanding Officer), which shall not be less than three nor more than 10 times the cost incurred by the Contractor in providing any such gratuities to any such officer or employee.

c. The rights and remedies of the NAFI provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

9. HOLD AND SAVE HARMLESS. The Contractor shall indemnify, save harmless and defend the NAFI, U.S. Navy, Federal Government, its outlets and customers from any liability, claimed or established, for violation or infringement of any patent, copyright or trademark right asserted by any third party with respect to goods hereby ordered or any part thereof. Contractor further agrees to hold NAFI harmless from all claims or judgements for damages resulting from the use of products listed in this contract, except for such claims or damages caused by or resulting from negligence of the NAFI customers, employees, agents or representatives. Also, the Contractor shall at all times hold and save harmless the NAFI, U.S. Navy, Federal Government, its agents, representatives, and employees from any and all suits and
expenses which arise out of acts or omissions of the Contractor, its agents, representatives, or employees.

10. INSPECTION. Unless otherwise provided herein, inspection shall be made after receipt of the supplies/equipment by the ordering activity or after completion of services by the Contractor. Inspection and acceptance shall not be conclusive, with respect to latent defects or fraud, or with respect to the NAFI's rights under the Proof of Shipment provisions contained herein. In case any supplies/equipment or services are defective in material or workmanship, or are otherwise not in conformity with the requirements of this contract, the NAFI shall have the right to reject such supplies or services, or to require replacement or correction. Rejected supplies/equipment shall be removed by and at the expense of the Contractor promptly after notice. If required by the NAFI, the Contractor, after notice of defect or non-conformance, shall, in a timely manner, correct or replace the defective or non-conforming supplies/equipment or services, or any part thereof. When such correction or replacement requires transportation of the supplies/equipment or part thereof, all shipping costs to and from the Contractor's plant or place of business shall be borne by the Contractor.

11. INSURANCE

   a. The Contractor shall, at their expense, procure and maintain, during the entire performance period of this contract, insurance of at least the kinds and minimum amount set forth herein.

   b. At all times during performance, the Contractor shall maintain with the Contracting Officer a current Certificate of Insurance showing at least the insurance required herein, and providing 30 days written notice to the Contracting Officer by the insurance company prior to cancellation or material change in policy coverage.

   c. The Contractor shall also require all first-tier subcontractors, who will perform work on a Government installation, to procure and maintain the insurance required herein during the entire period of their performance. The Contractor shall furnish (or assure that it has been furnished) to the Contracting Officer a current Certificate of Insurance meeting the requirements of "b" above for each such first-tier
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

subcontractor, at least 5 days prior to entry of each such subcontractor’s personnel on the installation.

d. In implementation of the insurance clause above, the Contractor shall procure and maintain:

(1) Workman’s compensation as prescribed by the laws of the State in which the work will be performed and employer’s liability insurance.

(2) General liability insurance wherein the NAFI and the United States are included as named insured stating that such insurance is primary (secondary to or contributory with no other insurance). Policy limits of $500,000 per person - $1,000,000 per occurrence for injury or death, and $100,000 property damage per occurrence are required.

(3) The Contractor is responsible for damage or loss to their owned or leased equipment. Claims will be honored only if it can be shown that the NAFI was negligent and caused damage or loss to the Contractor’s equipment.

12. INVOICES. An invoice is a written request for payment under the contract for supplies/equipment delivered or for services rendered. In order to be proper, an invoice should include (and in order to support the payment of interest penalties) must include the following:

a. Invoice date.

b. Name of Contractor.

c. Contract number (include order number, if any) contract description of supplies or services, quantity, contract unit of measure and unit price and extended total.

d. Shipment number and date of shipment.

e. Name and address to which payment is to be sent (name must be the same as that in the contract or on a proper notice of assignment).

f. Name (where practicable), title, telephone number and mailing address of person to be notified in event of a defective invoice.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

  g. Any other information or documentation required by other provisions of the contract (such as evidence of shipment).

  h. Invoices shall be prepared and submitted in duplicate (one copy shall be marked “Original”) unless otherwise specified.

13. LAW GOVERNING CONTRACTS. In any dispute arising out of this contract, the decision of which requires consideration of law questions, the rights and obligations of the parties shall be interpreted and determined according to the substantive and procedural laws of the United States of America.

14. LEGAL STATUS. The NAFI is an integral part of the Department of Defense and is an instrumentality of the United States Government. Therefore, NAFI contracts are United States Government contracts, however, they do not obligate appropriated funds of the United States. NO APPROPRIATED FUNDS OF THE UNITED STATES SHALL BECOME DUE OR BE PAID A CONTRACTOR BY REASON OF THIS CONTRACT.

15. MODIFICATIONS. No agreement or understanding to modify this contract will be binding upon the NAFI unless it is made in writing and signed by a Contracting Officer from the office that issued the contract or its successor.

16. ORDER OF PRECEDENCE. In the event of an inconsistency between provisions of this solicitation/award, the inconsistency shall be resolved by giving precedence in the following order:

   a. Supplies/Equipment or Services and Prices/Costs.

   b. Description/Specifications/Work Statement.

   c. Special Contract Requirements.

   d. Contract Clauses.

   e. Other provisions of the solicitation/award.

17. PAYMENTS. Payment of prices stated in this contract will be made according to the Prompt Payment Act, as amended. Unless otherwise specified, payment will be made on partial deliveries accepted by the NAFI when the amount due on such deliveries so warrants. Payment is deemed to have been made as of the date on
the payment check or date on which electronic funds transfer is made.

18. PROOF OF SHIPMENT. (Applicable to shipments outside the United States through the Defense Transportation System (DTS) and Parcel Post shipments to overseas destinations). Except as otherwise provided in this contract, payment will be made for items not yet received upon receipt of an invoice accompanied by proof of delivery to a postal system or common carrier if delivery is FOB point of origin. For deliveries FOB destination named port of debarkation, the invoice must be accompanied by a signed receipt by a government representative at the named port.

19. TAXES. The prices herein reflect full reduction for taxes that are nonapplicable. In addition to the exemption from Federal excise taxes by virtue of exportation, all tangible personal property sold to NAFIs for resale are exempt from sales and use taxes. All sales other than for resale depend on State law or Federal constitutional immunity for exemption from State sales and use taxes.

20. TERMINATION FOR CONVENIENCE. The Contracting Officer, by written notice, may terminate this contract, in whole or in part when it is in the best interest of the NAFI. If this contract is for supplies/equipment and is so terminated, the Contractor shall be compensated according to FAR Subparts 49.1 and 49.2 in effect on the date of this contract award. To the extent that this contract is for services and is so terminated, the NAFI shall be liable only for payment according to the payment provisions of this contract for services rendered prior to the effective date of termination, providing there are no Contractor claims covering non recurring costs for capital investment. If there are any such Contractor claims, they shall be settled according to FAR Subparts 49.1 and 49.2.

21. TERMINATION FOR DEFAULT. The Contracting Officer, by written notice, may terminate this contract in whole or in part for failure of the Contractor to perform any of the provisions hereof. In such event, the Contractor shall be liable for damages including the excess cost of reprocuring similar supplies/equipment or services; provided that, if

   a. it is determined for any reason that the Contractor was not in default.
SAMPLE CONTRACT FOR VENDING SERVICES (CONT’D)

b. Contractor’s failure to perform is without the Contractor’s or subcontractor’s control, fault or negligence, the termination must be deemed to be a termination for convenience. As used in this provision, the term “subcontractor” means subcontractor at any tier.

22. VARIATION IN QUANTITY. No variation in quantity of any item listed in this contract will be accepted unless authorized by the Contracting Officer.

23. PROTESTS. Offerors are encouraged to resolve any complaints or issues they may have with the Contracting Officer in an informal manner. However, where an Offeror is not satisfied with a procurement decision of the Contracting Officer, that Offeror may file a written protest with the Contracting Officer and the Contracting Officer will issue a final decision on the protest. Any interested party who is dissatisfied by the Contracting Officer’s final decision on the protest may file a written appeal with the Commanding Officer. The procedures for filing protests may be found in paragraph 223 of BUPERSINST 7043.1B. A copy of paragraph 223 will be provided to any Offeror by the Contracting Officer upon request.
The provision of the following clause set forth in the Federal Acquisition Regulation (FAR) are hereby incorporated into this order or contract by reference with the same force and effect as if they were given in full text. As used in the following clause, the term “Government” is deleted and the abbreviation “NAFI” is substituted in lieu thereof. The date of each clause shall be the current date set forth in the FAR at the time of issuance of an order or contract award. Clauses made inapplicable by the reference or by the type or order or contract (e.g. order or contracts for services instead of supplies/equipment) are self-deleting. Upon request, the Contracting Officer will provide the full text.

<table>
<thead>
<tr>
<th>CLAUSE NO.</th>
<th>REFERENCE</th>
<th>CLAUSE TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>52.203-5</td>
<td>Covenant Against Contingent fees (Contracts over $100,000)</td>
</tr>
<tr>
<td>25</td>
<td>52.222-20</td>
<td>Walsh-Healey Public Contracts Act (Supply Contracts in excess of $10,000) (not with foreign Contractors)</td>
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<tr>
<td>26</td>
<td>52.222.26</td>
<td>Equal Opportunity (Supply and Service Contracts over $10,000)</td>
</tr>
<tr>
<td>27</td>
<td>52.222.35</td>
<td>Affirmative Action for Special Disabled Veterans and Vietnam Era Veterans (Supplies and Services over $10,000)</td>
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<td>28</td>
<td>52.222-36</td>
<td>Affirmative Action for Handicapped Workers (Supplies and Service Contracts over $25,000)</td>
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<tr>
<td>29</td>
<td>52.222-37</td>
<td>Employment Reports on Special Disabled Veterans and Vietnam Era Veterans (Supplies and Services Contracts over $10,000)</td>
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<tr>
<td>30</td>
<td>52.225-13</td>
<td>Restrictions on Certain Foreign Purchases</td>
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<td>31</td>
<td>52-232-11</td>
<td>Extras</td>
</tr>
<tr>
<td>32</td>
<td>52.243-1</td>
<td>Changes–Fixed Price</td>
</tr>
<tr>
<td>33</td>
<td>52.246-1</td>
<td>Contractor Inspector Requirements</td>
</tr>
<tr>
<td>34</td>
<td>52.246-16</td>
<td>Responsibility for Supplies</td>
</tr>
<tr>
<td>35</td>
<td>52.247-52</td>
<td>Clearance and Documentation Requirements–Shipment to DOD Air or Water Terminal Transshipment Points</td>
</tr>
<tr>
<td>36</td>
<td>52.222-3</td>
<td>Convict Labor (Contracts over $2,500)</td>
</tr>
<tr>
<td>CLAUSE NO.</td>
<td>REFERENCE</td>
<td>CLAUSE TITLE</td>
</tr>
<tr>
<td>------------</td>
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<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>37</td>
<td>52.222-4</td>
<td>Contract Work Hours and Safety Standards Act–Overtime Compensation–General</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Contracts over $100,000)</td>
</tr>
<tr>
<td>38</td>
<td>52.222-41</td>
<td>Service Contract Act of 1965, as amended (Contracts over $2,500)</td>
</tr>
<tr>
<td>39</td>
<td>52.243-1 (ALT1)</td>
<td>Changes – Fixed Price</td>
</tr>
<tr>
<td>40</td>
<td>52.246-4</td>
<td>Inspection of Services – Fixed Price</td>
</tr>
</tbody>
</table>
APPENDIX E

GUIDELINES FOR COMPLETING THE
DECENTRALIZED CMWR FINANCIAL STATEMENT

1. Introduction. These guidelines are intended to establish uniform procedures necessary for the completion and submission of the Category II and Category IV CMWR Financial Statements by all activities maintaining a CMWR fund not reporting financial data under AIMS and authorized to use the cash-basis accounting method. These procedures represent a single-entry cash basis system of accounting and will enable each activity to reflect its financial transactions during a specified period, as well as accurately representing its current financial condition.

2. General Instructions

a. Financial Statements for Decentralized CMWR NAFIs (i.e., activities not participating in AIMS) must reflect ALL income and expenses incurred by the CMWR NAFI during the reporting period. All entries shall be recorded in U.S. dollars. DO NOT include income, which is due but not received, or expenses, which are owed but not paid at the end of the period.

b. Line titles/descriptions must be adhered to whenever possible. Those items of income and expense, which are not listed on the financial statement will be shown under the captions Miscellaneous Income (Line 13) and Miscellaneous Expense (Line 34), with a breakdown included as an addendum to the financial statement.

3. Preparation of the Decentralized CMWR NAFI Financial Statement

a. The headings on the financial statement will be filled out as follows:

   (1) Reporting Activity: Decentralized CMWR NAFI — Identify by command designation and geographic location (mailing address), for example, Commander, Operational Test and Evaluation Force, Norfolk, VA 23511-6388). Include the appropriate Unit Identification Code (UIC) in the space provided.

   (2) Period Ending: Enter 30 September 200__ or date of disestablishment of the CMWR, as appropriate. (For interim statements, reflect the appropriate statement preparation date.)
GUIDELINES FOR COMPLETING THE
DECENTRALIZED CMWR FINANCIAL STATEMENT (CONT’D)

b. The **INCOME AND EXPENSE STATEMENT** will be completed as
follows:

Line 1: NET WORTH (CASH) BROUGHT FORWARD BEGINNING OF
PERIOD. Enter the net worth (cash) figure brought forward from
the end of the prior period financial statement. (Net Worth
figure would not change between the end of one fiscal year and
the beginning of another.) Activities reporting for the first
time will fill in a "zero" on this line.

Line 2: RESALE OPERATION INCOME (CAFETERIA). Category
II CMWR NAFIs enter revenue derived from cafeteria food and
beverage sales.

Line 3: RESALE OPERATION INCOME (SNACK BAR). Category
II CMWR NAFIs enter revenue derived from snack bar food and
beverage sales.

Line 4: RESALE OPERATION INCOME (CATERING). Category II
CMWR NAFIs enter revenue derived from catering sales.

Line 5: IN-HOUSE OPERATED VENDING MACHINE INCOME: Enter
revenue derived from in-house operated (i.e., operated directly
by CMWR) vending machines.

Line 6: OTHER RESALE INCOME. Enter the resale income
received, which is not included in the in lines 2 through 5. A
breakdown description and dollar amount of all items reflected in
this category MUST BE INCLUDED as an addendum to the
Decentralized CMWR NAFI Financial Statement.

Line 7: TOTAL RESALE/VENDING INCOME. Enter the total of
lines 2 through 6. The total must represent the total income
received from all sources of in-house resale operations during
the period.

Line 8: COMMISSIONS FROM CONTRACT OPERATED VENDING
MACHINES. Enter commissions income received from contract (i.e.,
commercial vendor or Navy Exchange) operated vending machines.

Line 9: COMMISSIONS FROM CONTRACT OPERATED FOOD AND
BEVERAGE ACTIVITIES. Category II CMWR NAFIs enter commissions
income received from contract-operated food and beverage
operations.
GUIDELINES FOR COMPLETING THE
DECENTRALIZED CMWR FINANCIAL STATEMENT (CONT'D)

Line 10: TRANSFERS FROM OTHER RECREATION FUNDS. Category IV CMWR NAFIs enter funds received from other CMWR NAFI.

Line 11: RECREATION PROGRAM AND ACTIVITY INCOME. Category IV CMWR NAFIs enter income received from the operation of recreation programs, activities, and services.

Line 12: INTEREST INCOME. Enter the amount of interest income received during the period.

Line 13: MISCELLANEOUS INCOME. Enter the amount of other income not recorded in lines 8 through 12. Provide a breakdown description and dollar amount of all items reflected in this category as an addendum.

Line 14: TOTAL CASH RECEIPTS. Enter the total of lines 7 through 13. The total must represent the total income received from all sources during the period.

Line 15: RESALE MERCHANDISE PURCHASED (FOOD AND BEVERAGE). Category II CMWR NAFIs enter the total dollar value, AT COST, of all food and beverage items purchased for resale during the period.

Line 16: IN-HOUSE OPERATED VENDING MACHINE MERCHANDISE PURCHASED. Enter the total dollar value, AT COST, of all vending machine merchandise purchased for vending machine sales during the period.

Line 17: OTHER RESALE MERCHANDISE PURCHASED. Enter the total dollar value, AT COST, of all other merchandise purchased for resale during the period and not listed in lines 15 and 16.

Line 18: TOTAL RESALE/VENDING MERCHANDISE EXPENSE. Enter the total of lines 15 through 17.

Line 19: DISTRIBUTIONS. Category II CMWR NAFIs enter the amount of funds distributed to Category IV CMWR NAFI during the period.

Line 20: SALARIES AND WAGES EXPENSE. Enter the total of all salaries and wages (Direct, General, Administrative and Maintenance), including overtime, and bonuses, paid during the period. Also complete lines 39 and 40.
GUIDELINES FOR COMPLETING THE DECENTRALIZED CMWR FINANCIAL STATEMENT (CONT’D)

Line 21: EMPLOYEE BENEFITS EXPENSE. Enter the total amount of payroll-related costs paid during the period for benefits and employer contributions for payroll taxes, life insurance/health insurance/retirement contribution costs, awards, and employee meals.

Line 22: UTILITIES AND RENTS. Enter the total amount of costs paid during the period for heat, light, water, gas, electricity, steam, and other utility services. Include costs for rental of equipment and real property.

Line 23: REPAIR/MAINTENANCE. Enter the total amount of costs paid during the period for the maintenance and repair of vehicles, equipment, and facilities.

Line 24: SUPPLIES AND EQUIPMENT UNDER $2,500. Enter the total amount of costs paid during the period for the purchase of supplies and equipment with a unit acquisition cost under $2,500.

Line 25: EQUIPMENT $2,500 AND OVER. Enter the total amount of costs paid during the period for the purchase of equipment with a unit acquisition cost of $2,500 and over.

Line 26: MISCELLANEOUS EXPENSE. Enter the total amount of costs paid during the period for expenses not recorded on lines 19 through 26.

Line 27: TOTAL CASH EXPENDITURES. Enter the total of lines 18 through 26. The total must represent the total expenses paid all sources during the period. Provide a breakdown description and dollar amount of all items reflected in this category as an addendum.

Line 28: NET WORTH (CASH) AT END OF PERIOD. Enter the total of lines 1 and 14, minus line 27.

Line 29: NET WORTH (CASH) BROUGHT FORWARD BEGINNING OF PERIOD. Enter the amount from line 1.

Line 30: TOTAL CASH RECEIPTS. Enter the amount from line 14.

Line 31: TOTAL CASH EXPENDITURES. Enter the amount from line 27.
GUIDELINES FOR COMPLETING THE
DECENTRALIZED CMWR FINANCIAL STATEMENT (CONT’D)

Line 32:  TOTAL NET WORTH (CASH) AT END OF PERIOD. Enter the amount of line 29 plus line 30 minus line 31.

Line 33:  GENERAL CHECKING. Provide checking account number, name and address of bank and enter the account balance at the end of the period.

Line 34:  SAVINGS ACCOUNT. Provide savings account number, name and address of financial institution, and enter the account balance at the end of the period.

Line 35:  PETTY CASH AND CHANGE FUNDS. Enter the total amount of all existing petty cash and change funds at the end of the period.

Line 36:  UNDEPOSITED CHECKS/CASH ON HAND. Enter the amount of checks and cash on hand (not included in line 35) that have NOT been deposited in local checking or savings banks/institutions.

Line 37:  ACCOUNTS RECEIVABLE (Money owed to the CMWR NAFI but not received in the period). Enter the total of all money owed to the CMWR NAFI at the end of the period but NOT received.

Line 38:  ACCOUNTS PAYABLE (Bills owed by the CMWR NAFI at the end of the period). Enter the total of all bills owed by the CMWR NAFI at the end of the period but NOT paid.

Line 39:  MILITARY PAID FROM NONAPPROPRIATED FUNDS. Enter the number of active duty military personnel that were employed on a part-time basis during the period by the CMWR NAF and received compensation from nonappropriated funds.

Line 40:  CIVILIANS PAID FROM NONAPPROPRIATED FUNDS. Enter in the appropriate blocks the number of full-time and part-time (include flexible scheduled and temporary) civilian employees paid from CMWR nonappropriated funds during the period.

Line 41:  TOTAL NON-EXPENDABLE PROPERTY. Enter the total dollar amount of non-expendable property (i.e., property with an initial acquisition cost per unit of $2,500 or more). This amount should equal the total dollar amount on property/equipment inventory records.
GUIDELINES FOR COMPLETING THE
DECENTRALIZED CMWR FINANCIAL STATEMENT (CONT’D)

Line 42: TOTAL OPTAR FUNDS DISBURSED FOR RECREATION DURING CURRENT DURING FISCAL YEAR. Enter the amount of appropriated fund OPTAR funds, which have been disbursed for the CMWR NAFI during the fiscal year.

Line 43: VEHICLE INVENTORY RECORD. List all vehicles on inventory purchased by the CMWR NAFI with NAF. Include automobiles, trucks, tractors, golf carts, camping/boat trailers, etc. Provide make, model, year, serial number and USN Registration number (if applicable).

c. CERTIFICATION. The custodian or member of the Audit Board and the commanding officer shall sign and date the certification requirements at the bottom of the financial statement.
# Decentralized Civilian MWR Fund Financial Statement

**Reporting Activity**

<table>
<thead>
<tr>
<th>Line</th>
<th>Income and Expense Statement</th>
<th>Totals</th>
<th>Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Worth (Cash) Brought Forward Beginning of Period</td>
<td>$ -</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Cash Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Resale Operation Income (Cafeteria)</td>
<td>$ -</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Resale Operation Income (Snack Bar)</td>
<td>$ -</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Resale Operation Income (Catering)</td>
<td>$ -</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>In-House Operated Vending Machine Income</td>
<td>$ -</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Other Resale Income</td>
<td>$ -</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Total Resale/Vending Income (Total of Lines 2 thru 6)</td>
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<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Commissions From Contract Operated Vending Machines</td>
<td>$ -</td>
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</tr>
<tr>
<td>9</td>
<td>Commissions From Contract Operated Food and Beverage Activities</td>
<td>$ -</td>
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</tr>
<tr>
<td>10</td>
<td>Transfers From Other Recreation Funds</td>
<td>$ -</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Recreation Program and Activity Income</td>
<td>$ -</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>Interest Income</td>
<td>$ -</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>Miscellaneous Income (Other income not listed) (attach addendum)</td>
<td>$ -</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>Total Cash Receipts (Total of Lines 7 thru 13)</td>
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<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Cash Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Resale Merchandise Purchased (Food and Beverage)</td>
<td>$ -</td>
<td>15</td>
</tr>
<tr>
<td>16</td>
<td>In-House Operated Vending Machine Merchandise Purchased</td>
<td>$ -</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>Other Resale Merchandise Purchased</td>
<td>$ -</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>Total Resale/Vending Merchandise Expense (Total of Lines 15 thru 17)</td>
<td>$ -</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>Distributions</td>
<td>$ -</td>
<td>19</td>
</tr>
<tr>
<td>20</td>
<td>Salaries and Wages Expense (Requires Completion of Lines 39 &amp; 40)</td>
<td>$ -</td>
<td>20</td>
</tr>
<tr>
<td>21</td>
<td>Employee Benefits Expense</td>
<td>$ -</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>Utilities and Rents</td>
<td>$ -</td>
<td>22</td>
</tr>
<tr>
<td>23</td>
<td>Repair/Maintenance</td>
<td>$ -</td>
<td>23</td>
</tr>
<tr>
<td>24</td>
<td>Supplies and Equipment Under $2,500</td>
<td>$ -</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>Equipment $2,500 and Over</td>
<td>$ -</td>
<td>25</td>
</tr>
<tr>
<td>26</td>
<td>Miscellaneous Expense (Other expense not listed) (attach addendum)</td>
<td>$ -</td>
<td>26</td>
</tr>
<tr>
<td>27</td>
<td>Total Cash Expenditures (Total of Lines 18 thru 26)</td>
<td>$ -</td>
<td>27</td>
</tr>
<tr>
<td>28</td>
<td>Net Worth (Cash) at End of Period (Lines 1 and 14 minus Line 27)</td>
<td>$ -</td>
<td>28</td>
</tr>
</tbody>
</table>
## DECENTRALIZED CIVILIAN MWR FUND FINANCIAL STATEMENT

### LINE 29
**NET WORTH (CASH) BROUGHT FORWARD BEGINNING OF PERIOD (Line 1 amount)**

$$\text{Total}$$  

### LINE 30
**TOTAL CASH RECEIPTS (Total Lines 7 thru 13) - should be same as Line 14**

$$\text{Total}$$  

### LINE 31
**TOTAL CASH EXPENDITURES (Total Lines 18 thru 26) - should be same as Line 27**

$$\text{Total}$$  

### LINE 32
**TOTAL NET WORTH (CASH) AT END OF PERIOD (Lines 29 & 30 minus Line 31)**

$$\text{Total}$$  

### OTHER INFORMATION

<table>
<thead>
<tr>
<th>TYPE OF ACCOUNT/NUMBER</th>
<th>NAME/ADDRESS OF BANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL CHECKING ACCOUNT BALANCE</td>
<td>$ - 33</td>
</tr>
<tr>
<td>SAVINGS ACCOUNT BALANCE</td>
<td>$ - 34</td>
</tr>
<tr>
<td>PETTY CASH AND CHANGE FUNDS</td>
<td>$ - 35</td>
</tr>
<tr>
<td>UNDEPOSITED CHECKS / CASH ON HAND</td>
<td>$ - 36</td>
</tr>
<tr>
<td>ACCOUNTS RECEIVABLE (Money owed to the Fund but not received in the period)</td>
<td>$ - 37</td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE (Bills owed by the Fund but not paid in the period)</td>
<td>$ - 38</td>
</tr>
</tbody>
</table>

### STATISTICAL DATA

<table>
<thead>
<tr>
<th>FULL TIME</th>
<th>PART TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>39 MILITARY PAID FROM NONAPPROPRIATED FUNDS</td>
<td>39</td>
</tr>
<tr>
<td>40 CIVILIANS PAID FROM NONAPPROPRIATED FUNDS</td>
<td>40</td>
</tr>
<tr>
<td>41 TOTAL NONEXPENDABLE PROPERTY (Must equal total of property/equipment inventory record)</td>
<td>$ 41</td>
</tr>
<tr>
<td>42 TOTAL OPTAR FUNDS DISBURSED FOR RECREATION DURING CURRENT FY</td>
<td>$ 42</td>
</tr>
</tbody>
</table>

### VEHICLE INVENTORY RECORD (List all vehicles, camping trailers, boat trailers, etc., of hand)

<table>
<thead>
<tr>
<th>Make</th>
<th>Model</th>
<th>Year</th>
<th>Serial Number</th>
<th>USN Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
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</table>

### CERTIFICATION

I certify that the Civilian MWR Nonappropriated Fund Financial Statement is correct and that there are no unreported receipts or expenditures.

**CUSTODIAN OR MEMBER OF AUDIT BOARD**

**SIGNATURE**

**DATE**

I have reviewed the Civilian MWR Nonappropriated Fund Financial Statement. I certify that it accurately represents the condition of the Fund and that all disbursements are in accord with the existing regulations. Conditions are satisfactory except where noted. I certify that all assets are protected as required by DOD Financial Management Regulation Volume 13, Appendix C, Accounting Procedures for Navy Nonappropriated Fund (DOD 7000.14-R).

**COMMANDING OFFICER**

**SIGNATURE**

**DATE**

NAVPERS 7010/2 (REV. 11/01)
<table>
<thead>
<tr>
<th>LINE 13</th>
<th>MISCELLANEOUS INCOME (Other income not listed)</th>
<th>EXPLANATION</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>TOTAL</td>
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<td>$</td>
</tr>
</tbody>
</table>

TOTAL MUST MATCH DOLLAR AMOUNT ON LINE 13 FRONT PAGE

<table>
<thead>
<tr>
<th>LINE 26</th>
<th>MISCELLANEOUS EXPENSE (Other expense not listed)</th>
<th>EXPLANATION</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

TOTAL MUST MATCH DOLLAR AMOUNT ON LINE 26 FRONT PAGE

NAVPERS 7010/2 (REV. 11/01)
APPENDIX F

SAMPLE ENTERTAINMENT CONTRACT

Contract Number_______________

This contract is made and entered into by and between
________________________________________________________,
a nonappropriated fund instrumentality (NAFI) of the United States Navy, and __________________________________________, hereinafter called the Contractor. The Contractor warrants that it has full rights and authority to represent the entertainment unit, and that every part thereof is free from any conflicting rights of others, including licenses, patents, and copyrights.

1. The Contractor agrees to represent, in accordance with the terms and conditions of this contract, an Entertainment Unit as follows:

__________________________________________  
(Name of group or act, and name of leader)

to include named performers or musicians as set forth in Appendix A, for performance beginning on the day of _____________, 20____, to include a maximum of _____ performance(s), each performance consisting of _____ sets per performance. Specific performance date(s), time(s), and amount(s) are as follows:

<table>
<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>__________</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>__________</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>__________</td>
<td>______</td>
<td>______</td>
</tr>
</tbody>
</table>

2. Any notification from the Contracting Officer to the party originally negotiated with for this contract constitutes notice to the Contractor and to the members of the entertainment unit.

3. Each member of the entertainment unit is engaged severally under the terms and conditions. No substitution will be made unless agreed to by the Contracting Officer. Each member of the entertainment unit may enforce this agreement and each severally agrees to render services under the terms and conditions of this contract.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

4. Subject to the provisions of this contract, the NAFI agrees to pay to (name of payee/leader) ____________________________, $___________ for performance(s) as set forth above. The amount specified in this paragraph is the total sum for which the NAFI is liable under this contract. No other remuneration in the form of transportation, food, or lodging is included unless specifically made a part of this contract. Payment is to be made by check which will be issued only after the Contracting Officer or their designee verifies that the services required hereby have been satisfactorily rendered and completed. The NAFI is under no obligation to cash any check by which payment is made. Payment to the above named individual (leader) satisfies the NAFI's obligation under this contract to all members of the entertainment unit and any other party to this contract.

5. All requirements for payment of lodging, if applicable, will be as specified herein. When required, the manager of the NAFI where entertainment is to be performed will make arrangements for lodging, and Government quarters will be occupied by contractor personnel when available. Lodging requirements of this contract, if applicable, are as follows:

6. The Contractor shall arrange for and furnish necessary transportation to each place of performance. If any transportation is provided by the NAFI, the members of the entertainment unit must travel by the means of transportation provided by the NAFI.

7. The Contractor shall furnish the following:

   a. Photographs and such other advertising or publicity material or information as required. The aforementioned material must be provided to the Contracting Officer by the leader of the entertainment unit not later than _____ days before beginning the initial performance.

   b. Necessary costumes, musical library, and instruments.

   c. All necessary stage hands, electricians, and properties.

8. It is understood and agreed that the leader of the entertainment unit is an independent Contractor and employer of the personnel of the entertainment unit. They have exclusive

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Appendix F to Enclosure (1)
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

control over the means and methods by which the obligations of this agreement are to be fulfilled subject to this contract. The leader's obligations under this contract and all Federal, State, and municipal laws are to be performed and discharged by the leader as an independent Contractor and not as an employee.

9. The Contractor and each member of the entertainment unit at all times while on any Navy installation, must conduct themselves in an acceptable manner and observe all rules and regulations of the Commanding Officer and the United States Navy.

   a. Entertainment unit shall be wholesome and adhere to the standards of good taste. Emphasis is placed on the following:

      (1) An acknowledged deity will not be referred to in a manner that would offend a follower of any faith.

      (2) Profanity, vulgarity, or connotations of sexual depravity and perversion will not be used.

      (3) Military, racial, religious, or national groups will not be defamed, and individual deformities will not be ridiculed.

   b. Any criminal conduct, any unexcused tardiness or absence which prevents timely starting of the performance(s) required hereunder, indecency or obscenity, drunkenness, damage to Government property, failure to discharge indebtedness to the Government, being under the influence of narcotics or hallucinatory drugs, any unexcused violation of an office instruction established by a manager of one of the Navy NAFIs or such violation of the rules and regulations of the Commanding Officer or the United States Navy as results in the Commanding Officer issuing a letter barring the group or any members thereof from entering the installation or threatens a breach of national security, is grounds for termination of this contract per the attached clause titled "Termination for Default."

10. The Contractor warrants that all equipment used in performance hereunder and the use of such equipment in the performance of the contract will meet or exceed requirements for that equipment or its use set by Federal statutes and regulations.
11. The entertainment unit must personally secure and safeguard its equipment and other personal belongings while on the installation, unless otherwise specified in an addendum hereto.

12. No performance by the Contractor, its agents, servants, or employees may be recorded, reproduced, or transmitted from the place of performance, in any manner or by any means whatsoever, unless advance written authorization has been obtained from ____________________________.

13. Representatives of labor (organization) __________________ must be provided access to the place of performance to confer with their members, consistent with applicable rules and regulations of the Commanding Officer and the United States Navy.

14. The ability of the Contractor and members of the entertainment unit to perform is subject to proven detention by sudden, serious illness, accidents, riots, strikes, threatened epidemics, Acts of God, or any other legitimate conditions beyond their control. The cancellation of any or all of the scheduled performances resulting from the occurrence of one of these contingencies must be substantiated in writing to the satisfaction of the Contracting Officer or the conditions of paragraph 16 apply. Based on the acceptance by the Contracting Officer and legitimate conditions for cancellation of the performance(s), an equitable price reduction will be negotiated by the Contractor and the Contracting Officer for performances not accomplished during the contract period. Additionally, the Contracting Officer may reschedule the cancelled performance(s) within 90 days of the original performance dates based on the terms of this contract. The Contracting Officer and the Contractor will also negotiate an equitable price reduction for performances accomplished with less than the required number of performers. If one or more performers are prevented from participating in any performance(s) by any of these contingencies, the Contracting Officer, on determining that an inadequate number of performers are available to satisfactorily accomplish one or more performances, may cancel such performance(s) and an equitable price reduction will be negotiated by the Contractor and the Contracting Officer. Should a negotiated agreement not be obtained in either situation where price reductions become necessary, the Contracting Officer will determine the proper price reduction warranted and issue a determination of this amount. This determination is subject to
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

appeal by the Contractor under the attached clause titled "Disputes." Nothing in this paragraph precludes the Contracting Officer from exercising those rights prescribed in the attached clause titled "Termination for Default."

15. Any portion of services scheduled under this contract may be cancelled by the Contracting Officer or their designee, prior to performance, without advance notice in the event of

   a. riots, threatened epidemics, Acts of God, or for any unforeseen occurrences which make it impossible for the NAFI to provide a facility for, or otherwise precludes the presentation of, the entertainment which is the subject of this contract.

   b. the NAFI which is to be furnished services ceasing to operate.

   c. deactivation of the installation.

16. Due to the economic good will and reputation, losses to the NAFI which are not absolutely determinable or capable of being estimated with any degree of precision, if the entertainment unit fails to perform as scheduled in this contract, or any change hereto, the prorated amount due the Contractor for the missed performance(s) will be deducted from the total contract price. In addition to this deduction, the entertainment unit will be charged an amount equal to 50 percent of the deduction for missed performances (as stated above) as liquidated damages. The entertainment unit will not be charged liquidated damages when a delay or missed performance arises out of causes beyond the control and without the fault (willful or negligent) of the entertainment unit (such as fires, floods, and so forth.)

17. The Contractor shall, at their own expense, maintain during the entire period of this contract, insurance as specified in the attached clause titled "Insurance."

18. The Contractor agrees to indemnify, save harmless, and defend the Navy NAFI

   a. from and against any and all claims, demands, actions, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss of or damage to the property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

Contractor, its agents, servants, or employees while in, on, or about the military installation wherein the entertainment is to be performed or while going to or departing from the same.

b. from and on account of damages of any kind which they, or any of them, may suffer as the result of the acts of the Contractor or any of the Contractor's agents, servants, or employees in or about said military installation.

c. from any workmen’s compensation benefits which they, or any of them, become obligated to pay the Contractor, its agents, servants, or employees.

d. from any and all claims, demands, actions, debts, liabilities, and related costs which result from performing by the Contractor.

19. In the event of conflict between the provisions of the basic contract and the provisions of any attachment hereto, the provisions of the basic contract control.

_________________________________     ___________________________
Print Name of Contracting Officer     Print Name of Contractor

_________________________________     ___________________________
Signature of Contracting Officer          Signature-Contractor

_________________________________     ___________________________
Date                                  Date

_________________________________     ___________________________
Address & Telephone Number            Address & Telephone Number
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

APPENDIX A

SCHEDULE OF PERFORMERS

Contract Number ________________

Name of Act:  ____________________________________________________________

Individual Names:

1.  _____________________________________________________________
2.  _____________________________________________________________
3.  _____________________________________________________________
4.  _____________________________________________________________
5.  _____________________________________________________________
6.  _____________________________________________________________
7.  _____________________________________________________________
8.  _____________________________________________________________
9.  _____________________________________________________________
10. _____________________________________________________________
11. _____________________________________________________________
12. _____________________________________________________________
13. _____________________________________________________________
14. _____________________________________________________________

I hereby certify that the information on this Appendix A is complete and correct to the best of my knowledge and belief.

______________________________                ________________
CONTRACTOR SIGNATURE                           DATE
NOTE: SSNs for all above individuals are required when entertainment personnel will use Military flights. SSNs should be obtained on a separate form with appropriate privacy disclosures.
The Contractor represents that

1. it ____has ____has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this contract, the clause originally contained in section 310 of Executive Order No. 10925, or the clause contained in section 201 of Executive Order No. 1114.

2. it ____has ____has not filed all required compliance reports.

3. representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

NOTE: The above certification and the attached Equal Opportunity Clause are not applicable to contracts of $10,000 or less, and to work performed outside the United States and the District of Columbia by Contractor employees who were not recruited within the United States and the District of Columbia.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

NONAPPROPRIATED FUND CONTRACT CLAUSES

CLAUSES MADE INAPPLICABLE BY THE TYPE OF ORDER OR CONTRACT ARE SELF-DELETING.

1. DEFINITIONS. As used throughout this contract, the following terms and abbreviations have the meaning set forth below:

   a. The term “Contract” means this agreement or order and any modifications hereto.

   b. The abbreviation “NAFI” means Nonappropriated Fund Instrumentality of the United States Government.

   c. The term “Contracting Officer” means the person executing or responsible for administering this contract on behalf of the NAFI which is a party hereto, or his successor or successors.

   d. The term “Contractor” means the party responsible for providing supplies/equipment/services at a certain price or rate to the NAFI under this contract.

   e. The term “Contracting Officer’s Representative” (COR) means a person appointed by the Contracting Officer to monitor performance and act as a liaison between the Contractor and the Contracting Officer.

2. ADVERTISEMENTS. The Contractor agrees that none of its, nor its agent’s, advertisement to include publications, merchandise, promotions, coupons, sweepstakes, contests, sales brochures, etc., shall state, infer or imply that the Contractor’s products or services are approved, promoted or endorsed by the NAFI. Any advertisement, including cents off coupons, which refers to a NAFI will contain a statement that the advertisement is neither paid for nor sponsored in whole or in part by that particular activity.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

3. ASSIGNMENT. A Contractor may not assign their rights or delegate their obligations under this contract without prior written consent of the Contracting Officer.

4. COMMERCIAL WARRANTY. The Contractor agrees that the supplies/equipment/services furnished under this contract shall be covered by the most favorable commercial warranties the Contractor gives to any customer for such supplies/equipment or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the NAFI by any other clause of this contract. The printed terms and conditions of such warranty will be provided to the NAFI with the delivery of any supplies/equipment or services covered.

5. DISCOUNTS FOR PROMPT PAYMENT. In connection with any prompt payment discount offered, time will be computed from the date of the Contractor’s invoice. Payment is deemed to have been made as of the date on the payment check or date on which electronic funds transfer is made.

6. DISPUTES. Except as otherwise provided in this contract, any dispute or claim concerning this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall state their decision in writing and mail or otherwise furnish a copy of it to the Contractor. Within 90 days from date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the immediate superior in command (ISIC) of the command one level above the Contracting Officer's command. The decision of this authority shall be final and conclusive. If no such appeal is filed, the decision of the Contracting Officer shall be final and conclusive. The Contractor shall be afforded an opportunity to be heard and to offer evidence in support of any appeal under this clause. Pending final decision on such a dispute, the Contractor shall proceed diligently with the performance of the contract and per the decision of the Contracting Officer, unless directed to do otherwise by the Contracting Officer.

7. EXAMINATION OF RECORDS

   a. The clause is applicable if the amount of this contract exceeds $10,000 and the contract was entered into by mean of negotiation. The Contractor agrees that the Contracting Officer or their duly authorized representative shall have the right to
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

examine and audit the books and records of the Contractor
directly pertaining to the contract during the period of the
contract and up to 3 years after contract expiration date and
final payment.

b. The Contractor agrees to include the clause in “a” above
in all subcontracts thereunder which exceed $10,000.

8. GRATUITIES

a. The NAFI may, by written notice to the Contractor,
terminate the right of the Contractor to proceed under this
contract if it is found after notice and hearing, by the
Commanding Officer, that gratuities (in the form of
entertainment, gifts, or otherwise) were offered or given by the
Contractor, or any agent or representative of the Contractor, to
any officer or employee of the Government or the NAFI with a view
toward securing favorable treatment with respect to the awarding
or amending, or the making of any determinations with respect to
the performing of such contract.

b. In the event this contract is terminated as provided in
paragraph “a” hereof, the NAFI shall be entitled

(1) to pursue the same remedies against the Contractor as
it would pursue in the event of a breach of contract by the
Contractor.

(2) as a penalty in addition to any other damages to
which it may be entitled by law to exemplary damages in an amount
(as determined by the Commanding Officer), which shall not be
less than three nor more than ten times the cost incurred by the
Contractor in providing any such gratuities to any such officer
or employee.

c. The rights and remedies of the NAFI provided in this
clause shall not be exclusive and are in addition to any other
rights and remedies provided by law or under this contract.

9. HOLD AND SAVE HARMLESS. The Contractor shall indemnify, save
harmless and defend the NAFI, U.S. Navy, Federal Government, its
outlets and customers from any liability, claimed or established,
for violation or infringement of any patent, copyright or
trademark right asserted by any third party with respect to goods
hereby ordered or any part thereof. Contractor further agrees to
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

hold NAFI harmless from all claims or judgements for damages resulting from the use of products listed in this contract, except for such claims or damages caused by or resulting from negligence of the NAFI customers, employees, agents or representatives. Also, the Contractor shall at all times hold and save harmless the NAFI, U.S. Navy, Federal Government, its agents, representatives, and employees from any and all suits and expenses which arise out of acts or omissions of the Contractor, its agents, representatives, or employees.

10. INSPECTION. Unless otherwise provided herein, inspection shall be made after receipt of the supplies/equipment by the ordering activity, or after completion of services by the Contractor. Inspection and acceptance shall not be conclusive, with respect to latent defects or fraud, or with respect to the NAFIs rights under the Proof of Shipment provisions contained herein. In case any supplies/equipment or services are defective in material or workmanship, or are otherwise not in conformity with the requirements of this contract, the NAFI shall have the right to reject such supplies or services, or to require replacement or correction. Rejected supplies/equipment shall be removed by and at the expense of the Contractor promptly after notice. If required by the NAFI, the Contractor, after notice of defect or non-conformance, shall, in a timely manner, correct or replace the defective or non-conforming supplies/equipment or services, or any part thereof. When such correction or replacement requires transportation of the supplies/equipment or part thereof, all shipping costs to and from the Contractor’s plant or place of business shall be borne by the Contractor.

11. INSURANCE

   a. The Contractor shall, at their expense, procure and maintain, during the entire performance period of this contract, insurance of at least the kinds and minimum amount set forth herein.

   b. At all times during performance, the Contractor shall maintain with the Contracting Officer a current Certificate of Insurance showing at least the insurance required herein, and providing 30 days written notice to the Contracting Officer by the insurance company prior to cancellation or material change in policy coverage.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

c. The Contractor shall also require all first-tier subcontractors, who will perform work on a Government installation, to procure and maintain the insurance required herein during the entire period of their performance. The Contractor shall furnish (or assure that it has been furnished) to the Contracting Officer a current Certificate of Insurance meeting the requirements of “b” above for each such first-tier subcontractor, at least 5 days prior to entry of each such subcontractor’s personnel on the installation.

d. In implementation of the insurance clause above, the Contractor shall procure and maintain

(1) workman’s compensation as prescribed by the laws of the State in which the work will be performed and employer’s liability insurance.

(2) general liability insurance wherein the NAFI and the United States are included as named insured stating that such insurance is primary (secondary to or contributory with no other insurance). Policy limits of $500,000 per person - $1,000,000 per occurrence for injury or death, and $100,000 property damage per occurrence are required.

(3) responsibility for damage or loss to their owned or leased equipment. Claims will be honored only if it can be shown that the NAFI was negligent and caused damage or loss to the Contractor’s equipment.

12. INVOICES. An invoice is a written request for payment under the contract for supplies/equipment delivered or for services rendered. In order to be proper, an invoice should include (and in order to support the payment of interest penalties) must include the following:

a. Invoice date.

b. Name of Contractor.

c. Contract number (include order number, if any) contract description of supplies or services, quantity, contract unit of measure and unit price and extended total.

d. Shipment number and date of shipment.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

e. Name and address to which payment is to be sent (name must be the same as that in the contract or on a proper notice of assignment).

f. Name (where practicable), title, telephone number and mailing address of person to be notified in event of a defective invoice.

g. Any other information or documentation required by other provisions of the contract (such as evidence of shipment).

h. Invoices shall be prepared and submitted in duplicate (one copy shall be marked “Original”) unless otherwise specified.

13. LAW GOVERNING CONTRACTS. In any dispute arising out of this contract, the decision of which requires consideration of law questions, the rights and obligations of the parties shall be interpreted and determined per the substantive and procedural laws of the United States of America.

14. LEGAL STATUS. The NAFI is an integral part of the Department of Defense and is an instrumentality of the United States Government. Therefore, NAFI contracts are United States Government contracts, however, they do not obligate appropriated funds of the United States. NO APPROPRIATED FUNDS OF THE UNITED STATES SHALL BECOME DUE OR BE PAID A CONTRACTOR BY REASON OF THIS CONTRACT.

15. MODIFICATIONS. No agreement or understanding to modify this contract will be binding upon the NAFI unless it is made in writing and signed by a Contracting Officer from the office that issued the contract or its successor.

16. ORDER OF PRECEDENCE. In the event of an inconsistency between provisions of this solicitation/award, the inconsistency shall be resolved by giving precedence in the following order:

   a. Supplies/Equipment or Services and Prices/Costs.

   b. Description/Specifications/Work Statement.

   c. Special Contract Requirements.

   d. Contract Clauses.
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

e. Other provisions of the solicitation/award.

17. PAYMENTS. Payment of prices stated in this contract will be made per the Prompt Payment Act, as amended. Unless otherwise specified, payment will be made on partial deliveries accepted by the NAFI when the amount due on such deliveries so warrants. Payment is deemed to have been made as of the date on the payment check or date on which electronic funds transfer is made.

18. PROOF OF SHIPMENT. (Applicable to shipments outside the United States through the Defense Transportation System {DTS} and Parcel Post shipments to overseas destinations). Except as otherwise provided in this contract, payment will be made for items not yet received upon receipt of an invoice accompanied by proof of delivery to a postal system or common carrier if delivery is FOB point of origin. For deliveries FOB destination named port of debarkation, the invoice must be accompanied by a signed receipt by a government representative at the named port.

19. TAXES. The prices herein reflect full reduction for taxes which are nonapplicable. In addition to the exemption from Federal excise taxes by virtue of exportation, all tangible personal property sold to NAFIs for resale are exempt from sales and use taxes. All sales other than for resale depend on State law or Federal constitutional immunity for exemption from State sales and use taxes.

20. TERMINATION FOR CONVENIENCE. The Contracting Officer, by written notice, may terminate this contract, in whole or in part when it is in the best interest of the NAFI. If this contract is for supplies/equipment and is so terminated, the Contractor shall be compensated per FAR Subparts 49.1 and 49.2 in effect on the date of this contract award. To the extent that this contract is for services and is so terminated, the NAFI shall be liable only for payment per the payment provisions of this contract for services rendered prior to the effective date of termination, providing there are no Contractor claims covering non recurring costs for capital investment. If there are any such Contractor claims, they shall be settled per FAR Subparts 49.1 and 49.2.

21. TERMINATION FOR DEFAULT. The Contracting Officer, by written notice, may terminate this contract in whole or in part for failure of the Contractor to perform any of the provisions hereof. In such event, the Contractor shall be liable for
SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

damages including the excess cost of reprocuring similar supplies/equipment or services; provided that, if

   a. it is determined for any reason that the Contractor was not in default.

   b. Contractor’s failure to perform is without the Contractor’s or subcontractor’s control, fault or negligence, the termination must be deemed to be a termination for convenience. As used in this provision, the term “subcontractor” means subcontractor at any tier.

22. VARIATION IN QUANTITY. No variation in quantity of any item listed in this contract will be accepted unless authorized by the Contracting Officer.

23. PROTESTS. Offerors are encouraged to resolve any complaints or issues they may have with the Contracting Officer in an informal manner. However, where an Offeror is not satisfied with a procurement decision of the Contracting Officer, that Offeror may file a written protest with the Contracting Officer and the Contracting Officer will issue a final decision on the protest. Any interested party who is dissatisfied by the Contracting Officer’s final decision on the protest may file a written appeal with the Commanding Officer. The procedures for filing protests may be found in paragraph 223 of BUPERSINST 7043.1B. A copy of paragraph 223 will be provided to any Offeror by the Contracting Officer upon request.

CLAUSES INCORPORATE BY REFERENCE

The provisions of the following clause set forth in the Federal Acquisition Regulation (FAR) are hereby incorporated into this order or contract by reference with the same force and effect as if they were given in full text. As used in the following clause, the term “Government” is deleted and the abbreviation “NAFI” is substituted in lieu thereof. The date of each clause shall be the current date set forth in the FAR at the time of issuance of an order or contract award. Clauses made inapplicable by the reference or by the type or order or contract (e.g. order or contracts for services instead of supplies/equipment) are self-deleting. Upon request, the Contracting Officer will provide the full text.
## SAMPLE ENTERTAINMENT CONTRACT (CONT’D)

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<thead>
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<td>52.203-5</td>
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<td>52.222-41</td>
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<td>52.243-1 (ALT1)</td>
<td>Changes – Fixed Price</td>
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<td>40</td>
<td>52.246-4</td>
<td>Inspection of Services – Fixed Price</td>
</tr>
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APPENDIX G

DEPARTMENT OF DEFENSE (DOD) POLICY FOR IMPLEMENTATION OF DOMESTIC VIOLENCE Misdemeanor Amendment to the Gun Control Act for Military Personnel

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, FORCE TRANSFORMATION
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DEFENSE FIELD ACTIVITIES

NOV 27, 2002

SUBJECT: Department of Defense (DoD) Policy for Implementation of Domestic Violence Misdemeanor Amendment to the Gun Control Act for Military Personnel

This directive-type memorandum establishes DoD policy for implementing the domestic violence amendment to the Gun Control Act of 1968 (18 U.S.C. §§ 922(d)(9) and (g)(9)) for military personnel. It supersedes the memorandum of October 22, 1997, on this subject that provided interim DoD policy. DoD Components shall take all reasonable and necessary steps to implement this policy with regard to military personnel. For the purposes of this policy, the DoD Components include the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the DoD Field Activities, and all other organizational entities of the Department of Defense.

The domestic violence amendment makes it a felony for any person to sell or otherwise dispose of firearms or ammunition to any person whom he or she knows or has reasonable cause to believe has been convicted of a "misdemeanor crime of domestic violence" (18 U.S.C. § 922(d)(9)). The amendment also prohibits anyone who has been convicted of a misdemeanor crime of domestic violence from shipping or transporting in interstate or foreign commerce, or possessing in or affecting commerce, any firearm or ammunition; or receiving any firearm or ammunition which has been shipped or transported in interstate or foreign commerce (18 U.S.C. § 922(g)(9)). (See attachment for definition of terms used in this memorandum.)

The law applies to misdemeanor crimes of domestic violence only. For purposes of this memorandum, however, a "qualifying conviction" also includes a conviction for a "crime of
domestic violence" tried by general or special court-martial which otherwise meets the definition of a misdemeanor crime of domestic violence. Further, as a matter of DoD policy, a conviction for an offense meeting the definition of a “felony crime of domestic violence” adjudged on or after the date of this memorandum shall be considered a qualifying conviction for purposes of this memorandum. The term “qualifying conviction” does not include summary court-martial convictions, imposition of nonjudicial punishment (Article 15, UCMJ), or deferred prosecutions or similar alternative dispositions in civilian courts.

Each Military Department shall implement a program to periodically inform its military personnel of the domestic violence amendment to the Gun Control Act, its consequences, and this policy. Information provided shall include notice that personnel have an affirmative, continuing obligation to inform commanders or supervisors if they have, or later obtain, a qualifying conviction and that the revised DD Form 2760 (attached), which states that any statements made on the form will not be used in a prosecution for violating the Gun Control Act, is available. All DoD components shall post notices about the domestic violence amendment and DoD implementing policy in all facilities in which Government firearms or ammunition are stored, issued, disposed of, and transported.

If in implementing this policy a Military Department chooses to require that all or some of its military personnel certify whether or not they have a qualifying conviction, the DD Form 2760 shall be used for such certifications. Even if certification is not required, DD Form 2760 shall be made available for those personnel who come forward to report a qualifying conviction in compliance with their obligation to do so. The use of this form and the protections it affords have been approved in accordance with Section E of the 1984 Memorandum of Understanding Between the Departments of Justice and Defense Relating to the Investigation and Prosecution of Certain Crimes (see DoD Directive 5525.7). Each Military Department shall issue regulations governing how completed forms are to be filed and maintained to ensure they are retrievable if needed.

The Military Departments' procedures to discover whether an applicant for military service has a qualifying conviction for a crime of domestic violence shall continue in effect. Individuals with such convictions shall not be granted a waiver for entrance into military service.

In the case of all members found to have a qualifying conviction, appropriate authority will immediately retrieve all Government-issued firearms and ammunition, suspend the member's authority to possess government issued firearms or ammunition, and advise them to dispose of their privately owned firearms and ammunitions lawfully. These actions shall also be taken if there is reasonable cause to believe a military member has a qualifying conviction.

Consistent with applicable law and regulations, the Military Departments may promulgate regulations governing permanent adverse personnel actions, including discharge, that may be taken with respect to service members who have a qualifying conviction. Separation of military personnel shall comply with existing statutory military retirement sanctuaries (See 10 U.S.C. § 1176(a)(regular and reserve members); 10 U.S.C. § 637(a)(5)(regular officers); 10 U.S.C. § 580(a)(4)(C)(regular warrant officers); 10 U.S.C. § 12646(e)(1)(reserve commissioned officers); 10 U.S.C. § 12686 (reserves on active duty). A service member in any of these
sanctuaries who has a “qualifying conviction” and would otherwise be separated under Military Department regulations shall be given meaningful duties that do not entail access to firearms or ammunition until they are retired upon first attaining eligibility.

DoD Components may afford military personnel who have qualifying convictions a reasonable time to obtain an expungement or pardon of the qualifying conviction. If time is granted to a service member for this purpose, however, DoD Components shall retrieve all Government-owned or issued firearms and ammunition and suspend the service member’s authority to possess firearms and ammunition until an expungement or pardon is obtained.

Military Departments shall issue policies and procedures to ensure compliance with the domestic violence amendment to the Gun Control Act with respect to privately owned firearms under Government control or permitted in Government quarters. Policies and procedures shall also be issued governing the transfer of firearms and ammunition to individuals in morale, welfare, and recreation activities and other Government-sponsored or sanctioned activities.

If a completed security clearance investigation reveals that a military member has a qualifying conviction, the investigation shall be referred to the requesting DoD component for action consistent with this policy.

The actions required by this memorandum apply outside United States territory as a matter of policy. The Department has not construed the amendment to apply to major military weapon systems or “crew served” military weapons and ammunition (tanks, missiles, aircraft, etc.).

The Military Departments are requested to forward copies of their implementing instructions or regulations not later than 120 days from the date of this memorandum.

This memorandum is effective immediately. A DoD Directive or Instruction incorporating the substance of this memorandum will be issued within 120 days.

David S. C. Chu

Attachments:
As stated
DEFINITION OF KEY TERMS

DoD IMPLEMENTATION OF DOMESTIC VIOLENCE AMENDMENT

For purposes of the DoD policy to implement the domestic violence amendment to the Gun Control Act of 1968, the following definitions shall apply:

- The term "firearm" means (A) any weapon (including a starter gun) which will, or is designed to, or may readily be converted to, expel a projectile by the action of an explosive; (B) the frame or receiver of any such weapon; and (C) any firearm muffler or firearm silencer; or (D) any destructive device. However, it does not include major military weapons systems or "crew served" military weapons (tanks, missiles, aircraft, etc.)

- The term "destructive device" means (A) any explosive, incendiary, or poison gas bomb, grenade, mine, or any such rocket having a propellant charge of more than four ounces, or any such missile having an explosive or incendiary charge of more than one-quarter ounce, or any device similar to any of the devices described in the preceding clauses; (B) any type of weapon by whatever name known which will, or which may be readily converted to, expel a projectile by the action of an explosive or other propellant, and which has any barrel with a bore of more than one-half inch in diameter; and (C) any combination of parts either designed or intended for use in converting any device into any destructive device described in subparagraph (A) or (B) and from which a destructive device may be readily assembled. Provided, however, that the term "destructive device" shall not include any device which is not designed nor intended for use as a weapon and shall not include any device, although originally designed as a weapon, which is redesigned for use as a signaling, pyrotechnic, like throwing, safety, or similar device.

- The term "ammunition" means ammunition or cartridge cases, primers, bullets, or propellant powder designed for use in any firearm. However, it does not include ammunition for major military weapon systems or "crew served" military weapons systems.

- The term "possession" includes both "active possession" and "constructive possession," whether authorized or unauthorized. Active possession of a firearm or ammunition exists when the firearm or ammunition is in the immediate possession of the person. Constructive possession exists when a person does not have actual possession but instead knowingly has the power and at a given time to exercise dominion and control over the firearm or ammunition, either directly or through others. Possession need not be exclusive but may be joint with others.

- The term "reasonable cause" means that there is reliable information that a reasonable, prudent person would rely on which makes it more likely than not that the individual has a qualifying conviction.

- The term "receive" means to obtain, to take, to accept, to acquire, or to come into possession of.
The term "dispose" means to exercise control over, to direct or to assign for use, or to alienate, bargain away, bestow, convey, exchange, give away, or transfer by authority.

The term "transport" means to move, convey, carry, by any means, or to deliver or receive for the purpose of movement or conveyance.

The term "ship" means the transportation, or the effecting of transportation, without limitation as to the means or facilities used or with respect to the person to whom any shipment is made.

The term "interstate or foreign commerce" includes commerce between any place in a state and any place outside of that state, or within any possession of the United States (not including the Canal Zone) or the District of Columbia, but such term does not include commerce between places within the same state but through any place outside of that state.

The term "crime of domestic violence" means an offense that has as its factual basis, the use or attempted use of physical force, or threatened use of a deadly weapon; committed by a current or former spouse, parent, or guardian of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, parent, or guardian, or by a person similarly situated to a spouse, parent or guardian of the victim.

The term "misdemeanor crime of domestic violence" is a "crime of domestic violence" that is classified as a misdemeanor under State or Federal law.

The term "felony crime of domestic violence" is a "crime of domestic violence" that is classified as a felony under State or Federal law.

The term "qualifying conviction" applies to any of the following: (1) a State or Federal conviction for a "misdemeanor crime of domestic violence," (2) a State or Federal conviction for a "felony crime of domestic violence" adjudged on or after the date of this memorandum, and (3) any general or special court-martial conviction for a Uniform Code of Military Justice offense which otherwise meets the elements of a "crime of domestic violence," even though not classified as a misdemeanor or felony.

A person shall not be considered to have a qualifying conviction unless the convicted offender was represented by counsel, or knowingly and intelligently waived the right to counsel, and, if entitled to have the case tried by jury or before court-members, the case was actually tried by a jury or court members or the person knowingly and intelligently waived the right to have the case tried by a jury or court members, and;

A person shall not be considered to have a qualifying conviction if the conviction has been expunged or set aside, or the convicted offender has been pardoned for the offense or had civil rights restored, unless the pardon, expungement, or restoration of civil rights provides that the person may not ship, transport, possess, or receive firearms.
QUALIFICATION TO POSSESS FIREARMS OR AMMUNITION

PRIVACY ACT STATEMENT

AUTHORITY: 18 U.S.C. 922(g)(9); E.O. 9397.

PRINCIPAL PURPOSE(S): To obtain information to determine if you have been convicted of a crime of domestic violence which would disqualify you from shipping, transporting, possessing or receiving either Government-issued or private firearms or ammunition and to determine if reassignment, reclassification, detail or other administrative action is warranted. Your Social Security Number is solicited solely for purposes of verifying your identity.

ROUTINE USE(S): To the Department of Justice so that such information can be included in the National Instant Criminal Background Check System which may be used by firearm licensees (importers, manufacturers or dealers) to determine whether individuals are qualified to receive or possess firearms and ammunition.

DISCLOSURE: Mandatory for all personnel who are required to certify. Failure to provide the information may result in (1) (military only) the imposition of criminal or administrative penalties for failing to obey a lawful order, and (2) (civilian only) the imposition of administrative penalties, to include removal from Federal service. However, neither your answers nor information or evidence gained by reason of your answers can be used against you in any criminal prosecution for a violation of Title 18, United States Code, Section 922(g)(9), including (military only) prosecutions under the Uniform Code of Military Justice, based on a violation of Section 922(g)(9), for conduct which occurred prior to the completion of this form. The answers you furnish and any information resulting therefrom, however, may be used against you in a criminal or administrative proceeding if you knowingly and willfully provide false statements or information.

SECTION I - INSTRUCTIONS

An amendment to the Gun Control Act of 1968 (18 U.S.C. 922) makes it a felony for anyone who has been convicted of a misdemeanor crime of domestic violence to ship, transport, possess, or receive firearms or ammunition. It is also a felony for any person to sell or otherwise dispose of a firearm to any person so convicted.

The Department of Defense has, by policy, expanded the prohibitions contained in Title 18 Section 922(g)(9) to those military or civilian personnel who have felony convictions for crimes of domestic violence. Convictions of crimes of domestic violence do not include summary court-martial convictions, the imposition of nonjudicial punishment (Article 15, UCMJ), or deferred prosecutions (or similar alternative dispositions) in civilian courts. Furthermore, a person shall not be considered as having committed a "crime of domestic violence" for purposes of the firearms restriction of the Gun Control Act unless all of the following elements are present:

(a) a person who was cohabiting with or has cohabited with the victim as a spouse, parent, or guardian;
(b) a person who was similarly situated to a spouse, parent, or guardian of the victim;
(c) the convicted offender was represented by counsel, or knowingly and intelligently waived the right to counsel;
(d) the conviction has not been expunged or set aside, or the convicted offender has not been pardoned for the offense or had civil rights restored, unless the pardon, expungement, or restoration of civil rights provides that the person may not ship, transport, possess or receive firearms.

If you have ever received a domestic violence conviction: (1) you may not possess any firearm or ammunition; and (2) you must return any Government-issued firearm or ammunition to your commander or immediate supervisor; and (3) you must take steps to relinquish possession of any privately owned firearms or ammunition. Furthermore, any previously issued authorization to possess a firearm or ammunition is revoked.

If you have any questions, or you are uncertain if you have such a conviction, you may wish to contact a legal assistance attorney, if eligible, or a private attorney, at your own expense.

SECTION II - QUALIFICATION INQUIRY (Complete and return to your commander or immediate supervisor within 10 days of receipt)

1. HAVE YOU EVER BEEN CONVICTED OF A CRIME OF DOMESTIC VIOLENCE AS DESCRIBED ABOVE? (Initial and date)

   YES
   NO
   I DON'T KNOW (Provide explanation on reverse)

2. IF YOU ANSWERED "YES" TO THE FIRST QUESTION, PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO THE CONVICTION:
   a. COURT/JURISDICTION  b. DOCKET/CASE NUMBER
   c. STATUTE/CHARGE  d. DATE SENTENCED (YYYYMMDD)

3. CERTIFICATION. I hereby certify that, to the best of my information and belief, all of the information provided by me is true, correct, complete, and made in good faith. I understand that false or fraudulent information provided herein may be grounds for criminal and/or administrative proceedings, to include (if civilian) adverse action, up to and including removal, and (if military) disciplinary action under the Uniform Code of Military Justice. I further understand that I have a continuing obligation to inform my Commander or Supervisor should I be convicted of a crime of domestic violence in the future.
   a. NAME (Last, First, Middle Initial)  b. RANK/GRADE  c. SOCIAL SECURITY NUMBER
   d. ORGANIZATION  d. SIGNATURE  e. DATE SIGNED (YYYYMMDD)

DD FORM 2760, DEC 2002 PREVIOUS EDITION IS OBSOLETE.

G-6 Appendix G to Enclosure (1)