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USE OF NONAPPROPRIATED FUNDS (NAFS)

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This instruction implements Air Force Policy Directive (AFPD) 34-2, *Managing Nonappropriated Funds*. It provides the basic responsibilities, procedures, and practices for all Air Force nonappropriated funds (NAF) and nonappropriated fund instrumentalities (NAFI) under the responsibility of the Air Force Morale, Welfare, and Recreation Advisory Board (AFMWRAB).

The Board of Directors, Army and Air Force Civilian Welfare Fund (AAFCWF), has approved the use of this instruction by base restaurant funds (BRFs) and base civilian welfare funds (BCWFs), provided guidance does not conflict with AFJI 34-122, *Civilian Nonappropriated Funds (NAFs) and Morale, Welfare, and Recreation (MWR) Activities*. In cases of conflict, AFJI 34-122 takes precedence.

Major commands (MAJCOM) may supplement this instruction with advance approval of the Commander, Air Force Services Agency. Send two copies of each proposed MAJCOM supplement to the Directorate of Financial Management and Comptroller, Headquarters Air Force Services Agency (HQ AFSVA/SVF), 10100 Reunion Place, Suite 400, San Antonio TX 78216-4138. Send copies of each published MAJCOM supplement to the Director of Services, Headquarters United States Air Force (HQ USAF), 1770 Air Force Pentagon, Washington DC 20330-1770, and to HQ AFSVA/SVFA. Forward one copy of each approved supplement that applies to the AAFCWF to HQ AFMC/SVPB, 4375 Chidlaw Road, Room N237, Wright Patterson AFB OH 45433-5001.

(ANG) AFI 34-201, *Use of Nonappropriated Funds (NAFs)*, 17 June 2002, is supplemented as follows. This supplement applies only to Air National Guard (ANG) units and members. This supplement tailors the Air Force (AF) instruction to the ANG organizational structure. Additionally, it expounds on how ANG units are treated by their respective gaining MAJCOM as it applies to MAJCOM nonappropriated

funds, isolated unit funds, and stand alone NAFIs providing support for ANG units. Unless Federalized, ANG units cannot create or administer Federal NAFIs. Send comments and suggested improvements to this supplement on AF Information Management Tool (IMT) 847, *Recommendation for Change of Publication*, through channels, to the Air National Guard Services Division (NGB/A1S), 3500 Fetchet Avenue, Andrews AFB, MD 20762-5157.

SUMMARY OF CHANGES

This revision incorporates Interim Change IC 2002-1. This change expands the Special Morale and Welfare (SM&W) expenditure authority to provide mementos to the spouses of awardees, promoted individuals, and retirees, and mementos for guests of honor at memorialization (naming a street, building, etc.) functions. The entire text of the IC is at the last attachment.

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Chapter 1

GENERAL INFORMATION

1.1. Nonappropriated Funds (NAFs). NAFs are Government funds but are separate and apart from funds that are recorded in the books of the US Treasury. They are not appropriated by the Congress. NAFs come primarily from the sale of goods and services to Department of Defense (DoD) military and civilian personnel and their families.

1.2. Purpose of Air Force NAFs. Use NAFs for the collective benefit of military personnel, their families, and authorized civilians. These funds support morale, welfare, and recreation (MWR) programs, lodging, certain religious and educational programs, and other programs authorized in this instruction.

1.3. Nonappropriated Fund Instrumentality (NAFI). A NAFI is an integral DoD fiscal and organizational entity that performs an essential Government function. It acts in its own name to provide, or to help other DoD organizations provide MWR and related programs and services. The heads of the service departments establish and operate NAFIs individually or jointly.

1.4. Legal Status of Air Force NAFIs. An Air Force NAFI is an integral part of the Air Force. A NAFI is entitled to all sovereign privileges and immunities of the United States as provided in the Constitution and the statutes, under international law, in treaties, and in executive agreements. A NAFI is not incorporated under the laws of any state of the United States, District of Columbia, or foreign equivalent. It enjoys the legal status of an instrumentality of the United States.

1.5. NAFIs and Other Activities Not Controlled by This Instruction. These NAFIs exist on bases but are not subject to this instruction:

1.5.1. **Joint Army and Air Force NAFIs.** Responsibility for joint Army and Air Force NAFIs is vested in:

1.5.1.1. The Board of Directors, Army and Air Force Exchange Service (AAFES), for AAFES. See the AFJI 34-series regulations for policy, organization, and administration of this NAFI.

1.5.1.2. The Board of Directors, Army and Air Force Civilian Welfare Fund (AAFCWF), for base civilian welfare and base restaurant NAFIs. By joint Army and Air Force agreement specified in Army and Air Force Adjustment regulation No. 1-30-1, the Secretaries of the Air Force and Army have vested responsibility for the AAFCWF with the Board of Directors, AAFCWF. The Board oversees policy for base restaurant funds, base civilian welfare funds, and the AACFWF.

1.5.2. **Stars and Stripes NAFIs.** The European and Pacific Stars and Stripes funds furnish information and news services to persons serving in their areas of operation. Stars and Stripes funds are managed as prescribed in Unified Commands (USEUCOM), Headquarters US Army Europe (USAREUR) and Pacific Command (PACOM) command directives.

1.5.3. **Private Organizations.** See AFI 34-123, *Private Organizations Program.*

1.6. NAFI Records. All records that NAFIs create and receive are official Air Force records. See the AFI 37-series instructions for their creation, use, maintenance, release, and disposition.

1.7. NAF Contracts. See AFI 64-301, *NAF Contracting*, and AFMAN 64-302, *NAF Contracting*, for specific NAF contracting procedures.

1.8. Delegations. For purposes of this instruction, don't delegate the authorities and responsibilities assigned to specific positions unless otherwise provided.

Chapter 2

WHAT PEOPLE DO

Section 2A—High-Level Responsibilities

2.1. Basic Authority.

2.1.1. The Secretary of the Air Force (SAF) gives the Chief of Staff of the Air Force (CSAF) authority to administer NAFs and NAFIs.

2.1.2. The Air Force Morale, Welfare, and Recreation Advisory Board (AFMWRAB) provides recommendations to the CSAF on broad issues affecting policy, management, and oversight of NAFs, NAFIs, and MWR programs (see AFI 34-124, *Air Force MWR Advisory Board*).

2.2. Major Commander (MAJCOM).

2.2.1. Approves the establishment of base (MWR Fund and Lodging Fund) and isolated unit NAFIs . As appropriate, delegates this authority at MAJCOM level.

2.2.2. Supervises all NAFIs within the command and administers command-level NAFIs.

2.2.3. Designates custodians and alternate custodians for command-level NAFIs according to paragraph **2.5.**

2.2.4. Appoints a NAFs council and a finance and audit committee to help administer and supervise command-level NAFIs.

2.2.5. Approves, disapproves, or modifies the recommendations of the command NAFs council.

2.2.6. Ensures that all NAFIs within the command protect assets as required by AFIs 31-209, *Air Force Resource Protection Program,* and 34-202, *Protection of NAF Assets*.

2.2.7. When required, dissolves NAFIs for which he or she has establishment authority and disposes of their residual assets according to **Chapter 3**, **Section 3C**.

2.2.8. Redistributes excess assets of NAFIs within the command.

2.2.9. Oversees severance pay programs.

2.2.10. Ensures staff assistance visits are conducted on a mandatory cycle as well as when problems are identified.

2.2.11. Establishes a surveillance program that includes, but is not limited to, financial standards and other appropriate guidelines for all NAFIs and applicable activities within the command. Takes appropriate action to correct adverse financial trends and other negative situations. Approves and monitors base get-well plans initiated as a result of command or Air Force financial indicators being below standards.

2.2.12. Places base-level NAFIs under direct MAJCOM successor-fund control when unaccep table adverse financial trends continue.

2.3. Installation Commander. For the purpose of this instruction, the installation commander is the wing commander or equivalent. The site commander is considered the installation commander at isolated

and remote sites. The installation commander supervises and administers the establishment, operation, and dissolution of installation NAFIs and:

2.3.1. Requests MAJCOM approval to establish NAFIs at base-level.

2.3.2. Appoints a custodian and an alternate for each NAFI (paragraph **2.4.**) and appoints a NAFs council (paragraph **2.5.**).

2.3.3. Approves, disapproves, or amends meeting minutes and other NAFs council recommendations.

2.3.4. Assures personnel responsible for NAFs comply with DoD Directive (DoDD) 5500.7, *Joint Ethics Regulation*.

2.3.5. Redistributes excess NAFI assets according to this instruction. Disposes of NAFI assets according to AFI 34-204, *Services Logistics Support Program*.

2.3.6. Ensures that other armed services' members supported by the base are given support according to DoDD 1015.1, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities*. See AFI 25-201, *Support Agreements Requirements*, for guidance on host-tenant agreements.

2.3.7. Approves or delegates authority to approve NAF travel orders to the Services squadron commander or director.

2.3.8. Instructs the Financial Services Office (FSO) to issue a check to the base MWR fund (MWRF) for its share of proceeds from the installation quality recycling program (QRP) (see AFI 34-204.)

2.3.9. Ensures expenditures don't exceed available funds and is ultimately responsible for the solvency of installation NAFIs. When NAFIs fall below command or Air Force financial indicator standards, ensures that NAFIs and activities implement plans to bring them above those standards.

2.3.10. Ensures funds are distributed through the use and approval of NAF requirements, income and expense, and cash flow budgets.

2.3.11. Implements recommendations made as a result of staff assistance visits or explains why the recommendations weren't implemented.

2.3.12. Reviews the programmed base-force structure when it is reduced to a holding force or caretaker status. Based on projected needs, advises the MAJCOM which Services activities are needed and economically feasible for the persons remaining.

Section 2B—NAFI Custodian.

2.4. Designating and Appointing the NAFI Custodian.

2.4.1. Officials of the United States Government manage and maintain custody of NAFs and ensure their proper protection, accountability, and use.

2.4.1.1. Each NAFI has a custodian. The custodian uses NAF assets only for the purposes stated in this and other applicable instructions. Custodians are not, solely by virtue of their office, charged with the actual conduct of the various programs, activities, and services that are supported by the NAFIs they oversee.

2.4.1.2. Name a custodian at the highest level of executive control that can properly survey, effectively manage, and discharge its obligations. Select custodians (and others who occupy positions of NAF trust) based on capability and integrity.

2.4.1.3. Custodians use all appropriate directives and implementing instructions in the fiscal administration of a NAFI.

2.4.2. Designate and appoint NAFI custodians in writing:

2.4.2.1. MAJCOM NAFI custodianship is vested in a person with NAF financial experience. Assign the custodian to the position on a primary-duty basis because of the scope and importance of NAF management.

2.4.2.2. At base level, the resource management flight chief (RMFC) is the single custodian of all NAFIs serviced by the NAF Accounting Office (NAF AO). *EXCEPTION:* The RMFC is not custodian for base restaurant and civilian welfare fund NAFIs and, in some instances, NAFIs at remote and isolated locations.

2.4.2.3. The RMFC must have at least 12 semester hours of college-level accounting courses or similar work experience.

2.4.2.4. The commander designates the Services squadron commander or equivalent as custodian instead of the RMFC, when it is in the best interest of NAF management. See AFI 34-209, *NAF Financial Management and Accounting*, for how to change custodianship.

2.4.2.5. Appointment of a military member as custodian is encouraged when a manpower authorization does not exist specifically for the custodian position. The minimum authorized military grades (or civilian equivalents) for custodian positions are:

2.4.2.5.1. Commissioned officer or civilian GS-11 or above for a MAJCOM NAFI.

2.4.2.5.2. Commissioned officer on a base that does not have a RMFC to serve as custodian.

2.4.2.5.3. Chief master sergeant (CMSgt), senior master sergeant (SMSgt), or civilian for an installation MWRF if the Services squadron commander or equivalent is the only commissioned officer assigned to the base services squadron.

2.4.2.5.4. Master sergeant or above or the unit's first sergeant, regardless of grade, for a unit MWRF. For a unit without a first sergeant, the senior noncommissioned officer (NCO) is the custodian.

NOTE: These rules also apply to an alternate or acting custodian. The MAJCOM/CC or designee approves waivers to grade requirements for unit fund custodians.

2.4.2.6. All custodians, including those assigned as alternate or acting custodians, must be United States citizens.

2.4.2.7. Financial Services Officers who disburse appropriated funds (APFs) will not be custodians of NAFIs.

2.4.2.8. Personnel who audit or perform formal financial inspections of NAFIs will not be custodians of NAFIs they audit or inspect.

2.5. NAFI Custodian Responsibilities. The custodian's duties include, but are not necessarily limited to:

2.5.1. Receiving, safeguarding, and disbursing funds and other NAF assets of the NAFI according to this instruction, AFI 34-209, and other appropriate Air Force instructions.

2.5.2. Presenting financial plans, results from operations, and management reports to the NAFs council and the finance and audit committee, showing each NAFI's financial status.

2.5.3. Presenting an agenda of business to the NAFs council, reporting and recording any out-of-session actions, recording the minutes of each meeting, and presenting the minutes for approval (see **Attachment 2** for an example of minutes).

2.5.4. Contracting for their NAFIs within the limits of AFI 64-301. Contracting officers other than custodians must not obligate any NAFI funds without specific written authorization from the NAFI custodian or designee.

2.5.5. Developing plans with appropriate activity managers and Services squadron commanders or directors to bring the financial performance of base activities or NAFIs above the minimum standards for MAJCOM and Air Force Financial Indicators, submitting plans for approval, and implementing.

Section 2C—NAFI Councils and Advisory Committees.

Each NAFI in the Air Force below departmental-level has a council responsible to the commander or other appointing authority for assisting in the oversight and administration of the NAFI. NAFI councils and advisory committees have those responsibilities outlined in this instruction, other Air Force instructions and directives in the 34 series, and those assigned by the appointing authority.

2.6. NAFs Councils. Councils help commanders at MAJCOM, base, or unit levels to carry out their NAF management responsibilities.

2.6.1. **Base NAFs Council.** Establish a single NAFs council for one or more NAFIs at base level. The base NAFs council serves all NAFIs at base level other than base restaurant funds, civilian welfare funds, the base exchange, and other NAFIs that are specifically exempted by the CSAF or other appropriate authority (see paragraph **1.6.**).

2.6.1.1. The installation commander appoints these voting members in writing:

2.6.1.1.1. The council chairperson.

2.6.1.1.2. The financial manager.

2.6.1.1.3. The services squadron commander or director.

2.6.1.1.4. The senior enlisted advisor.

2.6.1.1.5. Two additional members, one of whom must be an enlisted person.

2.6.1.2. The installation commander appoints these nonvoting members in writing:

2.6.1.2.1. The staff judge advocate and the base contracting officer as advisors.

2.6.1.2.2. The RMFC as the recorder.

2.6.1.3. Commanders may expand voting and nonvoting membership on a base NAFs council on a conservative basis to include additional members such as the base civil engineer or the chaplain. Ask the Human Resource Officer (HRO) or designee to act as an advisor for NAF civilian personnel policy and procedural matters.

2.6.1.4. Conduct base NAFs council meetings at least quarterly with a quorum of at least two-thirds of the voting members in session.

2.6.2. NAFIs not under the responsibility of a base NAFs council have their own NAFs council. These NAFIs may be in an isolated area or have been exempted from base NAFs council jurisdiction.

2.6.2. **(ANG)** ANG wings/units receiving NAF support from a gaining MAJCOM unit fund will have a Unit Fund Council and comply with gaining MAJCOM instructions for council minutes, budgets, strength reports, and NAF program execution.

2.6.2.1. Such councils have at least three members (including at least one commissioned officer) who are appointed in writing and meet when called by the site or unit commander or chairperson.

2.6.2.2. The NAFI custodian acts as the recorder and presents the agenda.

2.6.2.3. The site or unit commander approves NAFs council meeting minutes.

2.6.2.4. As applicable, the Services squadron commander or director, flight chiefs, or activity managers execute the approved NAF council decisions.

EXCEPTION: Does not apply to base restaurant, civilian welfare fund councils and AAFES; these entities fall under AFJI 34-122, *Civilian Nonappropriated Funds and Morale, Welfare, and Recreation Activities* and AFJI 34-210 *Army and Air Force Exchange Service (AAFES) Operating Policies*.

2.6.3. **MAJCOM NAFs Councils.** Each major commander establishes a NAFs council and a finance and audit committee to assist in administering and supervising all major command-level NAFIs. Conduct meetings at least twice a year with a quorum of at least two-thirds of the voting members in session.

2.6.3.1. The NAFs council has at least three voting members including the financial manager (FM). The council recorder is the custodian of the NAFIs involved (see **Section 2B**).

2.6.3.2. The FM chairs the finance and audit committee.

2.6.4. The procedures listed in this paragraph apply to all councils.

2.6.4.1. Record council recommendations on all agenda items and such other matters as it may authorize for presentation. The recorder and the council chairperson authenticate the minutes as an accurate record of the proceedings.

2.6.4.2. Submit minutes to the installation commander (MAJCOM/CC for MAJCOMs) for approval, disapproval, or revision of proposed actions. Conduct the business of more than one NAFI at the same meeting. Identify each NAFI separately in the record for the commander's action.

2.6.4.3. Council recommendations take effect as soon as the installation commander approves them.

2.6.4.4. Council actions that occur out of session, including telephone votes and staffing actions, are not effective until approved by the appropriate authority (MAJCOM/CC, installation commander, or designee).

2.6.4.5. Voting members cannot be employed by any NAFI with which the council is officially involved.

2.7. Advisory Committees. Advisory committees, such as those for clubs or golf, act as program advisors to operational managers. Their duties, procedures, composition, and specific responsibilities are defined in other AFI 34-series instructions.

2.7.1. Public Law 92-463, *Federal Advisory Committee Act*, requires Government advisory committees and councils which include persons who are not officers or Federal employees, to comply with requirements that are impractical for Air Force Services and related advisory committees. However, such committees and councils may include military family members and military retirees and family members and still remain exempt from the Act's administrative requirements. Limit advisory committee membership to Federal Governmental personnel and members of military families, and military retirees and their family members.

Section 2D—Auditing and Inspecting NAFIs.

2.8. Cooperating with Audits and Inspections.

2.8.1. NAFIs at all levels of command are subject to audit as outlined in AFPD 65-3, *Internal Auditing*, and to normal inspection by commanders, inspectors, and other representatives of commanders. The Air Force Audit Agency and contracted civilian CPA firms periodically review and audit NAFIs according to AFI 65-301, *Audit Reporting Procedures*, and AFI 65-403, *Follow up on Internal US Air Force Audit Reports*, to make sure that each of the functions meets current needs in a manner consistent with sound business practices. These audits meet the standards required by Government Auditing Standards issued by the United States GAO.

2.8.1.1. NAFI custodians cooperate as requested with representatives of:

2.8.1.1.1. The Air Force Audit Agency (AFAA).

2.8.1.1.2. Office of Special Investigation (OSI).

2.8.1.1.3. Inspector General.

2.8.1.1.4. Air Force-contracted public accounting firms.

2.8.1.1.5. The General Accounting Office.

2.8.1.2. The appropriate commander refers suspected mishandling of NAFs and NAFI property and violations of standards of conduct to the OSI for investigation. Commanders also ensure compliance with AFI 34-202, *Protection of Assets*, for losses of NAFI assets.

2.8.1.3. Commanders notify the appropriate AFAA Area Audit office chief when NAFIs are activated or inactivated.

2.9. Enforcing Quality Control. HQ AFSVA/SVQE, Evaluations Division, asks the Services squadron commander or director through the MAJCOM to appoint a quality assurance evaluator (QAE) from the RMF for a base subject to a Public Accountant Contract Audit (PACA). After notification of the appointment, HQ AFSVA/SVQE provides the QAE with an instructional package. The QAE coordinates the PACA based on the information package.

2.9.1. The FM is the audit focal point. The FM assists the QAE and activity managers during audits and report preparation.

Chapter 3

ESTABLISHING AND DISSOLVING NAFIS

Section 3A—Establishing NAFIs

3.1. Basic Procedures. The CSAF, under the authority of the SAF:

- Establishes or dissolves Air Force NAFIs that are under the purview of the AFMWRAB.

- Determines the official designations and categories of these and other Air Force NAFIs in accordance with Congressional and DoD guidance.

- Administers Air Force-level NAFIs. Certain Air Force-level NAFIs are successor NAFIs (see paragraph **3.3.**) for other NAFIs.

3.1.1. A command-level MWR fund exists at:

- Each MAJCOM.

- Each field operating agency (FOA) headquarters that has jurisdiction and host responsibility over one or more bases.

- HQ AFSVA.

3.1.1.1. MAJCOMs and FOAs establish an MWR fund NAFI at each Air Force base within the command.

3.1.2. HQ USAF/SV approves the establishment of MAJCOM NAFIs and installation NAFIs that aren't specifically listed in **Chapter 3**, **Section 3B**.

3.1.3. NAFIs below HQ USAF level created after 1 Oct 1988 must have a charter (**Attachment 3**) signed by the official who authorized the NAFI, for example, the MAJCOM commander. This authority is called the chartering authority.

3.1.3.1. In the chartering authority letter, include:

3.1.3.1.1. The proposed purpose of the NAFI.

3.1.3.1.2. A clear justification of how the NAFI was necessary to meet Air Force program objectives.

3.1.3.1.3. Types of functional activities the NAFI will conduct.

3.1.3.1.4. Successor NAFI (paragraph **3.3.**).

3.1.3.1.5. A financial plan to operate the supported activities.

NOTE: NAFIs established before or initially established as a result of implementation of the installation MWR fund concept or Air Force reorganization/restructure is not affected by this paragraph's requirement, but disestablishment is according to this instruction.

3.1.4. Each NAFI's official title must be standard. Prefix NAFI titles by the applicable command, base, or isolated unit's official name; for example, Air Combat Command MWR Fund and Randolph Air Force Base MWR Fund.

3.2. Categorizing NAFIs and Activities. (See AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities*, for categories of NAFIs and activities.) Categorize NAFIs and activities to:

3.2.1. Ensure uniformity and standardization.

3.2.2. Promote an understanding of the relationships of NAFIs to the activities they support.

3.2.3. Identify how much appropriated fund (APF) support may be authorized for MWR activities within each category.

3.3. Successor NAFIs. Establish NAFIs through the successive delegation of authority through command channels. Each NAFI has a successor NAFI at either base, MAJCOM, or HQ USAF level. They ensure responsive, responsible and solvent NAFI financial administration.

3.3.1. A successor NAFI:

3.3.1.1. Provides the initial assets to establish a new subordinate NAFI. Identifies the successor NAFI in each new NAFI's charter.

3.3.1.2. Acts on requests from its subordinate organizations for support or assistance.

3.3.1.3. Receives or directs the disposition of residual assets of dissolved NAFIs for which it is the successor NAFI.

3.3.1.4. Ensures all debts of the dissolved NAFI are settled.

3.3.1.5. Notifies the successor NAFI custodian immediately when it intends to dissolve a NAFI. The custodian of the dissolving NAFI ensures that no one wastes NAFI's assets.

3.3.1.6. Receives or redistributes excess assets as authorized for the type of NAFI involved.

3.3.2. Names and relationships of successor NAFIs are as follows:

3.3.2.1. The Air Force Morale, Welfare, and Recreation Fund (AFMWRF) is the successor NAFI for all the HQ USAF NAFIs, MAJCOM MWR funds, Air Force portion of AAFES, and any other funds that the CSAF specifies.

3.3.2.2. The Air Force Lodging Fund (AFLF) is the successor NAFI for MAJCOM lodging funds. The AFLF pays severance at closing bases when there aren't enough funds in residual assets or the MAJCOM lodging fund is insolvent. The MAJCOM lodging fund acts as successor for base lodging funds within the command.

3.3.2.3. The MAJCOM MWR fund is the successor NAFI for the MAJCOM's base MWR funds and any other base NAFIs under the purview of the AFMWRAB, except for lodging funds, civilian welfare funds, and base restaurants. The MAJCOM MWR fund is also the successor NAFI for Stars and Stripes (where applicable) and isolated unit MWR funds. *EXCEPTION:* If the isolated unit fund is funded by a base MWR fund, the base MWR fund is the successor NAFI.

3.3.3. Specify any deviation from successor relationships identified in this instruction in the charter and get prior approval from Chairman, Finance and Audit Committee, AFMWRAB.

Section 3B—Types of NAFIs.

3.4. Morale, Welfare, and Recreation (MWR) NAFs. APFs, NAFs, and a combination of APFs and NAFs fund MWR programs and facilities, depending on their nature.

3.4.1. The custodian determines whether MWR or other authorized programs proposed for NAF funding fit the criteria for support stated in this instruction. Sources of funds include:

3.4.1.1. Air Force AAFES dividends paid monthly to installation and MAJCOM MWR funds. Distribution to bases is a percentage of local AAFES exchange sales. MAJCOMs receive an amount equal to a percentage of what their bases receive. HQ USAF/SV establishes the percentage amounts. **Chapter 11** covers locations where no AAFES exchange facilities exist.

3.4.1.1.1. **(Added-ANG)** The pursuit of Direct AAFES Dividends for NAFIs supporting ANG Installations requires meeting all criteria set forth in **Attachment 9 (Added)**.

3.4.1.2. Local fees and charges, membership dues, and proceeds from the sale of merchandise and services from MWR activities. This income remains at the generating base to support MWR programs and activities.

3.4.1.3. Contributions and donations.

3.4.1.4. Income from other sources, including concessionaire-operated activities.

3.5. Command, Base, and Unit-level MWR NAFIs.

3.5.1. **Command-level MWR Funds.** Establish command-level MWR funds according to paragraph **3.1.** and establish councils according to paragraph **2.6.3.**

3.5.1.1. Income includes:

3.5.1.1.1. Residual assets of dissolved or inactivated subordinate MWR NAFIs.

3.5.1.1.2. Distributions from other MAJCOM-level NAFIs and the AFMWRF.

3.5.1.1.3. Other contributions and donations accepted as authorized.

3.5.1.2. Expenditures include:

3.5.1.2.1. Redistribution of assets as authorized in this instruction.

3.5.1.2.2. Unpaid bills of dissolved subordinate NAFIs.

3.5.1.2.3. Costs for authorized programs and activities of, and services required by, the NAFI.

3.5.2. **Installation MWR Funds (MWRF).** The installation MWRF NAFI receives, administers, and disburses funds to help finance MWR activities and programs at base-level when they aren't supported by another installation NAFI. See authorized expenditures in **Chapter 4**. Income comes from:

3.5.2.1. Distributions from higher headquarters NAFIs.

3.5.2.2. Incidental income, such as participation fees and charges and proceeds from the sale of merchandise and services (see paragraph **4.4.**).

3.5.2.3. Other sources, including concessionaire-operated activities.

3.5.2.4. Slot machine proceeds (overseas).

3.5.2.5. Contributions and donations (see **Chapter 5**).

3.5.2.6. Residual assets of dissolved or inactivated subordinate unit MWR funds.

3.5.2.7. Membership dues.

3.5.2.8. Direct AAFES dividends.

3.5.2.8. **(ANG)** Direct AAFES Dividends. ANG Installations must meet all criteria set forth in **Attachment 9 (Added)**.

3.5.3. **New Programs.** AFI 34-209 describes the NAF cost center code (CCC) to use in reporting NAF income and expenses associated with authorized MWR programs and services.

3.5.3.1. If a proposed program is not covered by an existing CCC, submit a brief description of the program through the MAJCOM and HQ AFSVA/SVF to HQ USAF/SV for review.

3.5.3.2. HQ USAF/SV assigns the proper APF support category and CCC, evaluates its impact on insurance coverage and premiums, and provides additional guidance on how to conduct the new program.

3.5.4. **Isolated Unit Funds (IUF).** Unit-level MWR funds are authorized for active Air Force and AFRES units that are designated as isolated. The Air Force MWR or AFRES MWR Fund provides support to Air National Guard (ANG) units. Income and expenditures are the same as for installation MWR funds. (See **Chapter 11**.)

3.5.4. **(ANG)** Isolated Unit Funds supporting ANG units belong to and are administered by the individual unit's gaining MAJCOM.

3.6. Command Lodging Funds. Each MAJCOM has a command lodging fund. It allows the use of command-wide resources for needed base lodging improvements (see AFI 34-601, *Air Force Lodging Program*).

3.6.1. Don't invest base-level lodging funds. The command lodging fund has the only savings account for lodging funds in the command. It receives all interest earned, including that on the CMIP demand deposits.

3.6.2. Each base-level lodging fund maintains CMIP deposits to cover normal operating expenses. If the MAJCOM determines it necessary, it may move excess funds to the command lodging fund to fund capital expenditures or provide operating capital for needy bases. Grants are the normal source of funds for capital expenditures or for operating capital at needy bases.

3.7. Base Lodging NAFIs. Each base establishes a lodging NAFI with the approval of the MAJCOM.

3.7.1. Activities within a base lodging NAFI operate on a self-sustaining basis as indicated by the lodging fund profit and loss statement. This operation focuses on achieving the financial indicators established by HQ USAF/SV for the lodging NAFI. Set daily service charge rates according to AFI 34-601.

3.7.2. Small lodging activities (maximum of 15 rooms) may be satellites of another base's lodging NAFI when approved by HQ AFSVA/CC. Small lodging activities established before 1 Feb 1991 currently being operated under an MWR fund are "grandfathered."

3.7.3. Transfer lodging funds (through the command lodging fund) from one base lodging fund to another within the command to help needy bases and improve lodging services.

3.7.4. Establish temporary lodging facility (TLF) charges to provide enough cash to pay the assessment, cover operating expenses, and provide for capital requirements or improvements. Do not generate any extra cash.

3.8. Air Force Fisher Houses (Special NAFIs). Fisher Houses provide temporary lodging for families of patients who are hospitalized for complicated or critical medical problems.

3.8.1. NAFs provide support to Fisher Houses through supplemental mission support NAFIs that operate as TLFs. Treat them as you would TLFs and lodging funds. The base lodging fund is the successor NAFI for Fisher Houses. Services supports the operation by providing accounting and contracting services .

3.8.1.1. User fees, donations and gifts (with appropriate approvals), and APFs support Fisher Houses, as authorized. Services supports the operation by providing both accounting and contracting services through the NAF AO.

3.8.2. The installation commander administers the NAFI. Overall responsibility for operations rests with Medical Treatment Facility commander.

3.8.3. The Medical Treatment Facility (MTF) commander initiates the request for the special NAFI charter. Overall responsibility for the operation rests with the MTF commander. The MTF commander is a voting member of the base NAFs Council at locations with Fisher Houses.

3.9. Commandants' School Mission Support Funds (CSMSFs). CSMSFs provide services for students and faculty of Air Force schools and aid in military career education and training. Use these NAFs to directly contribute to the schools' missions.

3.9.1. "Commandant" is the head of an Air Force school, commander of a training center or base, or Superintendent, USAFA. MAJCOMs identify the commandants.

3.9.2. MAJCOM/CC approves the establishment or dissolution of such NAFIs at base level.

3.9.3. Identify CSMSFs by the official school and base designation; for example, Commandant's School Mission Support Fund, USAF School of Aerospace Medicine, Air Force Materiel Command, Brooks AFB TX 78235-5000.

3.9.4. Authorized expenses in support of the school's mission are:

3.9.4.1. Cost-conscious development or improvement of training and educational materials.

3.9.4.2. Payments to civilian and retired military speakers and lecturers participating in official school functions and contributing to the curriculum.

3.9.4.3. Minimal incidental expenses for distinguished speakers and guests designated by the commandant. Keep expenditures conservative and limit expenditures to the same kinds of purchases authorized from special morale and welfare funds (SM&W) (see **Chapter 12**).

3.9.4.4. Awards for instructor and student incentive programs associated with the school's mission.

3.9.5. The MAJCOM MWRF is the successor NAFI for command CSMSFs.

3.10. United States Air Force Academy (USAFA) Athletic Association and Cadet Dining Hall Funds. The Superintendent, USAFA, directly controls, operates, and supervises these NAFIs. They are not part of the Air Force MWR Program for purposes of APF reporting and other limitations.

3.11. HQ USAF Special Fund (Pentagon). This NAFI receives income from the DoD Concession Committee. Its income supports the SAF and HQ USAF Welfare and Recreation Activities.

Section 3C—Dissolving NAFIs

3.12. Basic Procedures.

3.12.1. The appropriate major commander may dissolve a NAFI when:

3.12.1.1. The commander concerned recommends dissolution.

3.12.1.2. The NAFI becomes insolvent.

3.12.1.3. The NAFI is no longer needed.

3.12.1.4. Dissolution is in the best interest of the Air Force.

3.12.1.5. The CSAF determines it appropriate for NAFIs under the jurisdiction of the AFMWRAB.

NOTE: For civilian welfare and base restaurant NAFIs, see AFJI 34-122.

3.12.2. Notify the custodian of the successor NAFI and HQ USAF/SV or AAFCWF, as appropriate, of intent to dissolve a NAFI.

3.12.2.1. The custodian of the dissolving NAFI advises the successor NAFI custodian what assets are available for redistribution.

3.12.2.2. On dissolution, successor NAFIs receive residual assets of the dissolved NAFI and must pay any remaining debts after liquidating assets.

3.12.2.3. Prepare a report to the custodian of the Air Force-level successor fund when a NAFI is reconstituted, reorganized, retitled, or moved to another organizational jurisdiction. Recharter the NAFI if needed. See **Attachment 4** for a NAFI dissolution checklist.

3.12.3. Successor NAFI custodians provide accounting procedures for the dissolution of NAFIs.

3.13. Disposing of NAF Property Upon Base Closure.

3.13.1. Dispose of furnishings, fixtures, and equipment purchased with NAFs in accordance with this instruction and AFI 34-204. AFJI 34-122 explains how to dispose of NAF assets purchased by civilian NAFIs.

3.13.2. To dispose of NAF property on base closure:

- Assure maximum reutilization of NAF property within the Air Force and DoD when economical and feasible.

- Take action to prevent destroying the integrity of real property at a base being deactivated or closed. Don't sell NAF property for token value or donate it to the civilian community, except where specifically approved by HQ USAF/SV.

3.13.2.1. The CSAF or the Board of Directors, AAFCWF, as appropriate, is the final Air Force authority for the disposition of NAF property under the jurisdiction of that Board.

3.13.2.2. No one may dispose of NAF-owned property except as provided in this instruction and in AFI 34-204 or AFJI 34-122.

3.13.2.3. Air Force NAFIs are entitled to recoup the fair market value or a reasonable percentage of the value of NAF-owned property sold to the local community. See paragraph **6.6.2.** for guidance on selling a building or structure acquired or constructed with NAFs.

3.13.2.4. The NAFI custodian notifies the successor NAFI custodian, and if necessary HQ AFSVA/SVF or AAFCWF for assistance, when local officials fail to respond to negotiations in a timely manner.

3.13.2.5. Use the checklist for NAFI dissolution (**Attachment 4**).

3.14. Controlling Expenses Before Dissolving a NAFI. Before dissolving a NAFI, the commander ensures there are no extravagant expenditures or unnecessary dissipation of assets (see **Attachment 4**).

Chapter 4

WHAT NAFS COVER AND DON'T COVER

4.1. Basic Criteria for Using NAFs. NAFs provide goods, services, facilities, equipment, and manpower for MWR programs and activities. Use NAFs for other purposes only as permitted in this and other AFIs. Do not use NAFs for any purpose unless such use is allowed in the general authorization above or elsewhere in this or other AFIs. The absence of a prohibition on a specific use of NAFs does not provide the authority to use NAFs.

4.1.1. Don't use NAFs for purchases requiring interest payments (other than those required by law) or carrying charges to non-Government entities.

4.1.2. When APFs are not available, the commander may approve the conservative use of NAFs for paying dues or fees in professional, scientific, or technical societies and associations for personnel who act as Air Force liaison to those organizations. Only pay for organizational or "desk" memberships and purchase no more than one membership per base, MAJCOM, FOA, or Air Staff for any given professional, scientific, or technical society or association.

4.1.3. Use NAFs to support an MWR sponsored coupon program to promote participation in MWR activities. The Services squadron commander or director approves and sets the value of all MWR coupons. Control coupons according to AFI 34-202.

4.1.4. Use NAFs for promotional mailings including postage when related to the sale of merchandise and services (see paragraph **9.4.**).

4.1.5. The use of NAFs to pay registration fees is the same as for APFs (see AFI 65-601V1, *US Air Force Budget Policies and Procedures).*

4.1.6. When APFs are authorized, use NAFs to purchase equipment for MWR activities only in an emergency. The installation commander certifies and identifies the emergency in writing and approves waivers to use NAFs instead of APFs for the purchase.

4.1.7. (Added) When NAF capital expenditures of more than one million dollars are being planned for Category C activities, the Public-Private Venture (PPV) alternative must be considered as prescribed in AFI 64-301, Nonappropriated Fund Contracting Policy, paragraph 8. Before accomplishing an economic analysis consider the effect of the potential PPVon the benefit or mission involved and the impact on authorized patrons, the MWR program, and the local community. Where an economic analysis is required to determine best value for the Air Force, refer to the economic analysis programs on the HQ AFSVA web site at **http://www-r.afsva.af.mil** (under Financial Management). Any PPV contract/agreement requires prior written approval from HQ USAF/ILV.

4.2. What NAFs Don't Cover. Do not use NAFs for:

4.2.1. Items covered by APFs, except as permitted in this AFI (see **Attachment 5** and AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities*).

4.2.2. Supporting programs or personnel attending functional or professional courses, such as NCO training and leadership schools. Use SM&W expenditure authority on a conservative basis for any necessary amenities or awards that APFs don't cover (see **Chapter 12**).

4.2.3. Offices, work areas, waiting areas, or special interest groups that are not primarily concerned with MWR programs. Examples include property and furnishings in such areas as:

4.2.3.1. Military Personnel Flight (MPF).

4.2.3.2. Legal offices.

4.2.3.3. The Offices of Special Investigation (OSI).

4.2.3.4. Search-and-rescue operations or similar activities.

4.2.4. Custodial or janitorial services in facilities such as education centers, veterinarian clinics, and MPFs.

4.2.5. Exterior grounds maintenance support for offices, special interest groups, or common public areas that are not primarily concerned with MWR programs.

4.2.6. Financial transactions related to, or receiving income from, preferred customer buying programs in which a commercial concern offers discounts to authorized users of Air Force activities. MWR activities may not favor one commercial source over another or receive monies as a result of referring customers to commercial sales source (such as commissions). *EXCEPTION:* You may use NAFs for commissions or fees charged or received from the sale of tickets or discount coupon books. Each discount coupon book must bear a disclaimer (AFI 34-104, *AF Services Marketing and Publicity Program).*

4.2.7. Loans to individuals, either in cash or advance payment of wages, allowances, or differentials. *EXCEPTION:* NAFs are authorized for cash advances against an authenticated travel order before official travel, advance payment of wages for overseas PCS moves, or the advancement of leave.

4.2.8. Trophies and awards primarily for mission accomplishments and competitions contributing to military mission effectiveness.

4.2.9. Special incentive programs to promote participation in mandatory programs (such as safety or fire prevention) or to motivate compliance with base rules, directives, or standards.

4.2.10. Awards that augment, duplicate, or replace awards available from APFs (see AFI 36-2852, *Services Awards Program*).

4.2.11. Contributions to fund-raising events for national or local charities, foundations, or similar organizations except when authorized in **Chapter 12**.

4.2.12. Personal purchases or expenses.

4.2.13. Dependent school costs authorized from APFs.

4.2.14. Cigarettes, tobacco products, or related items for gifts, prizes, or free issue.

4.2.15. Gifts for individuals except as permitted in **Chapter 12**.

4.2.16. Expenses for operations or services for programs such as:

4.2.16.1. Children Have a Potential.

4.2.16.2. Project transition.

4.2.16.3. Career motivation.

4.2.16.4. Permanent change-of-station reception centers.

4.2.16.5. Drug and alcohol abuse programs.

4.2.17. Printed personal or organizational greeting cards, business cards, or holiday cards, or stamps to mail such cards.

4.2.18. Distinctive insignia or accessories for military uniforms except as authorized in **Chapter 12**.

4.2.19. Compensation for military and APF civilian personnel in connection with their assigned duties.

4.2.20. Purchasing land.

4.2.21. Portraits or pictures of senior Air Force leaders.

4.2.22. Contributions, dividends, or other donations of monies, or other assets to private individuals or organizations.

4.2.23. Fuel or aircraft spare parts for privately owned commercial or foreign Government military aircraft (for example, aircraft participating in activities like Armed Forces Day or base open houses).

4.2.24. Investments at MAJCOM, base, and unit level.

4.2.25. Command representation or protocol functions unless authorized in **Chapter 12**.

4.2.26. Portions of base open houses and air shows not covered by MWR, except as authorized in AFI 34-101.

4.2.27. Unauthorized activities (see AFI 34-101).

4.3. What MWR NAFs Cover. Use MWR funds for:

4.3.1. Hiring NAF employee clerical assistants and small animal pet care assistants, supplies, and equipment in direct support of veterinarian clinics. Such support relates only to the pet clinic operations.

4.3.1.1. To hire a NAF veterinarian, only when coordinated with and approved by the supporting Army veterinarian. Small animal pet care operations with a NAF veterinarian must be self-sustaining.

4.3.2. Chaplain-hosted nondenominational recreational or morale and welfare programs that benefit members of the military community and their families.

4.3.2.1. When the chaplain sponsors special nonreligious programs that primarily affect morale and welfare, use MWR funds on an exception basis if APFs are not authorized. Examples of such programs are marriage clinics and community relations functions.

4.3.2.2. Local MWR funds may support such special programs when the commander personally believes that the activity contributes to overall morale and welfare. Submit requests to the RMFC as part of the annual budget.

4.3.2.3. The support group commander can approve the use of NAFs to purchase expendable supplies, decorations, and such materials for these functions (includes the National Prayer Breakfast). *EXCEPTION:* Do not use NAFs for expenditures specifically prohibited in this AFI, such as meals or meal subsidies for attendees.

4.3.2.4. Do not use MWR funds to pay for choir directors, organists, or flowers.

4.3.3. Enhancements to communal areas or lounges in airmen dormitories. You may make conservative expenditures for items that exceed or don't appear in the tables of allowances or are not authorized with APFs.

4.3.4. Base or organizational parties and picnics that the installation commander authorizes. MAJCOMs establish guidelines on expenditure levels. Exercise care to assure all eligible personnel, to the extent possible, are able to attend and the basic needs of the MWR program are being met.

4.3.5. Defraying cost of refreshments at NAF employee recognition ceremonies as authorized by the MAJCOM/CC (or the installation commander, if so delegated).

4.3.6. Organizational memberships or user fees to civilian recreation facilities for units where Air Force or other military facilities are not reasonably accessible when APFs aren't authorized. Use NAFs on a conservative basis for organizational memberships; use neither APFs nor NAFs for individual memberships. (AFI 65-601, *US Air Force Budget Policies and Procedures*, governs use of APFs for organizational memberships in fitness facilities and similar organizations.)

4.3.6.1. Before authorizing NAFs for this purpose, ensure that:

4.3.6.1.1. Personnel are members of a unit that receives MWR fund support.

4.3.6.1.2. Personnel are active duty military and civilian personnel assigned or attached to that location, including personnel of Reserve tenant units on active duty and family members of active duty personnel at locations that lack adequate family recreation activities, as determined by the MAJCOM.

4.3.6.1.3. The purpose is recreation.

4.3.6.1.4. Memberships or user fees are available equally to all assigned or attached military and civilian personnel.

4.3.6.1.5. The approving commander informs the MAJCOM/SV of the memberships purchased and user fees paid, including type, number, cost, eligibility of participation, and other relevant information.

4.3.7. Awards, including cash and US Savings Bonds or trophies, medals, and gift certificates for items stocked in a MWR resale activity (paragraph **9.1.**).

4.3.8. Personal maintenance allowance expenses for personnel on permissive TDY who are participating in the TOPS IN BLUE tour or competing in base-, MAJCOM-, or Air Force-sponsored contests. Maximum daily reimbursement rate is $5 per person.

4.3.9. Child development services for volunteers working in base activities when all of these apply:

- The commander determines that they serve the Air Force community.

- APFs are not authorized.

- Space is available at the base child development center.

4.3.9.1. Use NAFs to pay for family day care homes for child development services for volunteers when:

- Space is not available in the child development center.

- The installation commander authorizes it (see AFI 34-209 for accounting procedures).

4.3.9.2. Commanders ensure that volunteers don't abuse the child care development services privilege and that its cost doesn't harm the financial operation of the base MWR fund.

4.3.9.3. Pay the family day care home providers directly, rather than giving funds to the volunteers.

4.3.10. Family Services programs, including items for lending closets, uniforms, awards, coffees, and child development services for volunteers (see paragraph **4.3.9.**). *EXCEPTION:* Don't use MWR funds to directly support the mission of other activities in Family Support Centers.

4.3.11. Contracted instructional services for non-MWR group study courses, provided that:

4.3.11.1. APFs are not authorized.

4.3.11.2. The commander concurs.

4.3.11.3. The courses are financially self-sustaining.

4.3.12. Communications-computer systems (communications, hardware, or software) for MWR activities.

4.3.12.1. Get the standard Air Force Services or NAF communications-computer systems purchased from NAF contracts.

4.3.12.2. Use in-place communications-computer systems until they're no longer needed.

4.3.12.3. Submit requests for nonstandard MWR NAF communications-computer systems to HQ AFSVA/SVS along with supporting economic analyses.

4.4. NAFI Resale Activities, Concessions, Fees, Service Charges, and Dues. See AFI 34-101, *Services, Programs and Use Eligibility.*

4.5. Disposing of Unneeded NAF Property. See AFI 34-204, *Services Logistics Support Program.*

Chapter 5

NAFI TRANSFERS, DONATIONS, AND CONTRIBUTIONS

Section 5A—Transfers

5.1. Transfer of Assets. Transfer assets (cash, inventory, and property) to, from, or between NAFIs and activities only under the conditions or limitations set in this paragraph and AFI 34-204. See AFI 34-209 for inventory and property transfer procedures.

5.1.1. The major or installation commander who has jurisdiction over the activities or NAFIs involved ensures that such transfers are mutually beneficial to both activities or NAFIs. *EXCEPTION:* Where the transfer is from a NAFI at one base to a NAFI at another base when justified by the "common cause approach."

5.1.2. Keep the major commander's determination in the life-of-fund files.

5.1.2.1. HQ USAF/SV approves transfers of:

5.1.2.1.1. MWR fund cash assets to any other type of NAFI.

5.1.2.1.2. MWR funds borrowing cash assets from any other NAFIs.

5.1.2.1.3. Inter-NAFI and intra-NAFI transfers not addressed in this chapter (except transfers affecting central NAFIs under Air Force control).

5.1.2.1.4. The transfer of property from other Services.

5.1.3. Transfers between NAFIs and activities under Air Force control follow the procedures in this paragraph. Send requests for consideration through appropriate command channels.

5.1.3.1. Identify the NAFIs involved, the value of items (book value if furniture, fixtures, or equipment), and give justification and any relevant comments.

5.1.4. Do not transfer assets from one NAFI to another or from one activity to another in the same NAFI just to improve the apparent financial condition or position of the losing or gaining NAFI or activity.

5.2. Inter-NAFI Transfers. Inter-NAFI transfers are the actual transfers of NAF assets to other NAFIs, such as:

- Disposal of residual assets (sale, donation, or transfer).
- Redistribution of excess assets (including cash).
- Adjustments when bases are transferred from one MAJCOM to another.

5.2.1. Transfers are at book value, at fair market value, or at an appropriate value in between.

5.2.1.1. An MWR fund may not transfer assets to another type of NAFI (lodging, civilian welfare fund, or base restaurant fund) or vice versa except at fair market value.

5.2.1.2. The RMFC and applicable manager, with help from the DRMO or the servicing contracting officer, determine the fair market value.

5.2.1.3. The gaining NAFI pays the mutually agreed upon value of the asset.

5.2.2. The MAJCOM commander approves the transfer of NAF assets from a base-level NAFI to a NAFI of the same type at another base within the command. The commander may delegate this task to the MAJCOM/CV.

5.3. Intra-NAFI Transfers. These transfers involve moving assets from one activity to another within the same NAFI.

5.3.1. Transfers are at book value and include moving associated income or expenses.

5.4. Loaning Assets.

5.4.1. NAFIs can loan property to another activity or NAFI for up to 30 days before the assets must be transferred.

5.4.1.1. For periods over 30 days and for loans of indefinite duration, the activity manager (through the RMFC) transfers assets using procedures in AFI 34-209. The NAF AO changes the depreciation to the activity using the property.

5.5. Transfers to APF Accounts. The Services squadron commander or director authorizes the transfer of Table of Allowance (TA) property items purchased with NAFs to APF accounts.

5.5.1. Record such transfers in council minutes or other proper documents.

5.5.2. Once approved, the RMFC or other custodian deletes the item from NAF accounting records when it has zero book value.

5.5.3. Don't trade in assets transferred to APF accounts; they are no longer considered NAF property except for depreciation purposes.

5.5.4. Only transfer items that meet all of the following:

5.5.4.1. Identified as authorized or substitute items in the TA.

5.5.4.2. In serviceable condition.

5.5.4.3. Within the basis of issue in the TA.

5.5.4.4. Used by a NAF-supported activity.

5.5.5. The MAJCOM approves the transfer of NAF-purchased equipment to APF accounts of non-MWR activities.

5.5.5.1. MAJCOMs consider each transfer of excess NAF property to non-MWR activities on a case-by-case basis. MAJCOM/CC or MAJCOM-level designee approves the transfer of NAF-purchased property at MAJCOM- or base-level to APF accounts of non-MWR activities.

5.5.5.2. When property is approved for transfer, stop using NAFs to maintain or replace it.

5.6. Base or Organization Transfers.

5.6.1. Assets and liabilities transfer when the MAJCOM assumes jurisdiction, if a base is transferred from one MAJCOM to another.

5.6.2. A proportionate share of net current assets may transfer with a base organization that is transferred to a base of another command, if the losing commander approves. Determine the net current assets (current assets less current liabilities) as of a mutually agreed-upon date.

5.6.2.1. The AFMWRAB chairman sets the maximum amount of NAFs that a losing command may withdraw from base-level NAFIs when a base is transferred from one command to another and when the gaining command does not agree with the amount of the withdrawal.

5.6.3. The NAFIs on a base transferred to another Service or US Government agency curtail expenditures, cancel contracts, and pay all outstanding obligations.

5.6.3.1. The major commander or designee negotiates the transfer of NAFI property, equipment, and inventories with the gaining Service or agency.

Section 5B—Contributions and Donations

5.7. Approval for Contributions and Donations.

5.7.1. Contributions and donations require approval before they are accepted for a NAFI. Who approves acceptance of contributions, donations, and commercial sponsorship depends upon the value of the gift:

5.7.1.1. The installation commander approves for items valued at $1,000 or less and items from the Combined Federal Campaign Fund. He or she may delegate, in writing, all or part of this authority to the Services squadron commander or director.

5.7.1.2. The MAJCOM commander approves for items valued over $1,000 up to and including $25,000. He or she may delegate, in writing, all or part of this authority to the installation commander.

5.7.1.3. AFSVA/CC approves for items valued over $25,000 up to and including $100,000.

5.7.1.4. The AFMWRAB chairman approves for items valued over $100,000.

5.7.2. The Board of Directors, AAFCWF, approves contributions, donations, and transfer of assets (other than property and equipment) in any amount from a base restaurant NAFI to a civilian welfare NAFI.

5.8. Using Contributions and Donations. Use contributions or donations to a NAFI for the purposes specified (for example, if you accept a $400 contribution to purchase a video player for the library, you must use those funds for that purchase).

5.8.1. Use contributions or donations to a NAFI without a specified purpose to provide new programs, supplies, equipment and other direct benefits for authorized users.

5.8.1.1. Do not use these funds for facility maintenance or repair, payroll, and so forth.

5.8.2. Do not solicit contributions and donations and do not grant the donor or contributor any special favors or privileges.

5.8.2.1. Limit the public acknowledgment to a one-time mention in the applicable base newspaper, a "thank-you" letter or ceremony, and an appropriate "donated by" name plate on the item.

5.8.3. Never charge the cost of contributions or donations to a Government contract.

5.8.4. Do not accept property unless the donor relinquishes ownership rights (in writing). You may accept temporary use of property when all parties clearly intend the use to be temporary.

5.8.5. Do not accept gifts to the Air Force by or through NAFIs (see AFI 51-601, *Gifts to the Air Force*).

5.9. Accepting Premiums and Advertising Items.

5.9.1. Custodians may accept premiums and miscellaneous advertising items (except tobacco and alcohol) valued at less than $20 retail when suppliers voluntarily offer them for use by or distribution to authorized customers.

5.9.2. Examples of premiums are donated ballpoint pens, plastic rulers, tee shirts, and other items of nominal value which may identify the commercial donor's name or products or services.

5.9.3. Miscellaneous advertising items include donated place mats, napkins, score sheets, scorecards, and other similar items of nominal value. These items may identify the commercial donor's name or products or services.

5.9.4. Don't ask suppliers or other non-DoD sources to prepare or provide special premiums at their expense.

5.9.5. Don't solicit funds from suppliers or other non-DoD sources to offset the cost of premiums.

5.9.6. Don't give suppliers preferential consideration because of such premiums.

5.9.7. Disclaimers are not required except when the items carry one of two things:

- The commercial logo and reference to some part of the Federal Government.

- Advertising that the donor has sold to other commercial concerns.

5.9.7.1. In these instances, the disclaimer must state "No Federal Endorsement of Advertisers or Their Goods or Services Intended."

5.9.7.2. Control and account for these items as required in AFI 34-202 and AFI 34-209.

Chapter 6

REAL PROPERTY AND CONSTRUCTION

6.1. Using NAFs for Real Property and Construction.

6.1.1. For guidance on using NAFs for real property and construction, see this chapter; AFI 34-105, *Programming For Services Facility Requirements;* and AFI 32-1022, *Planning and Programming of NAF Facility Construction Programs*.

6.1.2. Do not use NAFs to design and construct, alter, recondition, renovate, repair, maintain, or add to Government-owned or -leased structures when APFs are authorized. See AFI 65-106 and AFI 32-1022.

6.2. Capital Improvements. The Air Force Base Capital Improvement Fund (AFBCIF) is the source of funding for NAF capital improvement grants, when funds are not available at base or MAJCOM level.

6.2.1. Approval for NAF grants for capital improvement projects depends upon:

6.2.1.1. Lack of local funds.

6.2.1.2. Priority of overall Air Force need.

6.2.2. The CSAF approves capital improvement grants over $200,000.

6.2.3. Conduct a needs assessment for all NAF capital improvement projects (see AFI 34-105, *Programming For Services Facility Requirements*).

6.3. Architect-Engineering Services. NAFs usually fund these services for NAF projects, but using in-house civil engineering design resources is permitted if it requires no additional manpower authorizations.

6.4. Supervision, Inspection, and Overhead (SIOH) Services. Use NAFs for SIOH of NAF projects when these services are contracted (including Corp of Engineers) or done by other than base-level staff, or when base civil engineers can't perform in-house and must hire additional personnel to perform SIOH.

6.5. Leasing Real Property. The MAJCOM/CC approves the use of NAFs for leasing real property for amounts up to and including $100,000. HQ USAF/SV approves amounts over $100,000.

6.5.1. Requests for approval of proposed lease agreements must contain the lease agreement and support information (see AFI 32-1022). The servicing judge advocate's (JA) office reviews them for compliance with AFI 64-301.

6.5.2. Acquire, execute, and administer the lease in the NAFI's name and stipulate that Government lease obligations will be paid solely by NAFs.

6.6. Limitations on Construction.

6.6.1. A building or structure constructed or purchased with NAFs will not be diverted to a use other than in direct support of MWR activities without prior approval from HQ USAF/SV.

6.6.2. Process net proceeds from the sale of a building or structure acquired or constructed with NAFs and later sold upon disposition of Government property in accordance with Public Law 102-190, section 344, and Public Law, 102-484, section 2821.

6.6.3. **AFBCIF Project Completion Report (RCS:HAF-SV[AR] 9468).** Within 30 days after completing a project constructed with an AFBCIF grant, the Services squadron commander or director submits a completion report to HQ AFSVA/SVQF. This report is designated emergency status code C3. Continue reporting during emergency conditions, delayed precedence. Submit data requirements as prescribed, but they may be delayed to allow the submission of higher precedence reports. During emergency conditions, submit by nonelectronic means, if possible. Discontinue reporting during MINIMIZE. The report contains:

6.6.3.1. The project title.

6.6.3.2. The total project cost.

6.6.3.3. The date construction was completed.

6.6.3.4. The date of beneficial occupancy.

6.6.3.5. Any remaining bills to be paid on the project.

Chapter 7

NAF EMPLOYEES

7.1. What NAFs Cover. Use NAFs to pay the salaries, wages, and benefits of people who operate MWR and lodging programs and facilities.

7.1.1. Manpower standards identify areas that APFs cover. Don't use NAFs in lieu of APFs for those positions.

7.1.2. For positions supporting MWR Fund activities, the MAJCOM SV/FM may approve waivers to use NAFs in lieu of APFs on a case-by-case basis (see **Attachment 5**).

7.1.3. For positions supporting lodging fund activities, SAF/FMPB approves waivers.

7.1.4. See AFI 34-301, *NAF Personnel Management and Administration*, for policies on pay administration and entitlements of NAF personnel.

7.2. Overpayment of Wages, Allowances, Differentials, or Benefits. The custodian collects overpayments in allowances, differentials, or benefits made to NAF employees (see AFI 34-202).

7.2.1. See AFI 34-209 for overdrawn leave.

7.2.2. Waiver authorities for recouping overpayment of wages are:

7.2.2.1. The installation commander for amounts up to and including $1,000.

7.2.2.2. AFSVA/CC for amounts over $1,000 up to and including $15,000.

7.2.2.3. The AFMWRAB Finance & Audit Committee chairman for amounts over $15,000.

7.3. Garnishment of Wages. See AFI 34-202.

7.4. Other Personnel Uses. NAFs may also be used:

7.4.1. To pay for NAF employee training. Air Force, MAJCOM, or base-level NAFs may support and operate programs.

7.4.2. For individual services contracts that don't involve an employer-employee relationship.

7.4.3. To pay active duty commissioned officers through individual services contracts for work not associated with their Air Force responsibilities.

7.4.4. To pay enlisted personnel for work done after duty hours as a part-time employee or as part of an individual services contract (see AFI 64-301).

Chapter 8

TAXES

8.1. Tax Payments.

8.1.1. NAFIs must collect, report, and pay all Federal taxes required by law. Send tax payment checks when due to the designated tax collector.

8.1.2. Report disputes involving taxes to AFLSA/JACL (see AFI 51-301, *Civil Litigation*). Forward a copy to HQ AFSVA/SVL.

8.2. Federal Taxes.

8.2.1. The Director of the Internal Revenue Service (IRS) sets regulations for withholding, depositing, paying, and reporting Federal taxes. For general tax guidance on income and Federal Insurance Contributions Act taxes, see IRS Circular E and AFI 34-209.

8.2.2. In the United States, NAFIs that sell alcoholic beverages or beer must have the appropriate occupational tax stamp as a wholesale beer dealer, retail beer dealer, wholesale liquor dealer, or retail liquor dealer (see AFI 34-119).

8.3. State and Local Taxes.

8.3.1. As instrumentalities of the United States, NAFIs have the same immunity from state and local taxes as the rest of the Federal Government. However, procedures for withholding and paying NAF employees' state and local income taxes must conform to the policy applicable to APF employees of the Air Force at the same location.

8.3.2. On any other tax questions involving non-Federal taxing authorities, NAFI custodians consult their local servicing JA office.

8.4. Applying State and Local Taxes to Petty Cash Purchases.

8.4.1. The NAF AO obtains an opinion from its servicing JA office on whether local vendors may charge amounts covering state and local tax on NAFI petty cash purchases. Such charges are permissible when the legal incidence of the taxes does not fall on the purchasing NAFI.

8.4.2. Where the amounts covering state and local taxes are legally charged to the purchasing NAFI, the purchasing individual pays them and is reimbursed for the amounts paid.

8.4.3. Where the amounts covering state and local taxes can't be legally charged to the purchasing NAFI (that is, when the legal incidence of the tax falls on the purchasing NAFI), the following requirements apply:

8.4.3.1. The individual making the NAF purchase tells the vendor that the purchase is for an Air Force NAFI and asks that it be tax-free. If the item costs more than a nominal amount ($25), the individual normally must provide the vendor with a certification from the servicing JA office or the NAF AO that:

8.4.3.1.1. The purchasing NAFI is an instrumentality of the United States.

8.4.3.1.2. It is exempt from state and local taxes. Get the certification from the servicing JA office or the NAF AO.

8.4.3.2. If the vendor insists on charging the taxes, then the purchaser should consider going elsewhere. If the vendor is the only source for the item or good judgment indicates that the amount involved doesn't justify the effort of going elsewhere, go ahead and make the purchase. NAFs will reimburse the full amount.

8.5. Interest and Penalty Payments. As a general rule, one Federal agency may not assess interest and penalties against another, except where specifically authorized by law.

8.5.1. NAFIs must pay interest and penalty assessments under Federal law where the amounts are payable to an individual rather than to the Government. Examples are the interest and penalties paid to a claimant that are required under the NAF Workers' Compensation Program by the Longshore and Harbor Workers' Compensation Act.

8.5.2. Before payment, the servicing JA office reviews any interest or penalty charges assessed against a NAFI by another Federal agency or instrumentality. The servicing JA office or HQ AFSVA/SVL can help you respond to the Federal agency.

8.6. Taxes Levied by Foreign Governments. NAFIs usually are exempt from foreign duties and taxes, either by the express provisions of an international agreement or by recognition that they are United States instrumentalities. Report any attempted taxation by foreign countries or their political subdivisions to AFSLA/JACL as required by AFI 51-301. Send a copy to HQ AFSVA/SVL.

8.7. Collecting Taxes for Foreign Governments. NAFIs have no authority to collect taxes for a foreign government unless the United States has consented to do so by international agreement.

8.8. Tax Reporting for Personal Services Contracts, Awards, Bingo, and Prizes. NAFIs report the amount paid to any individual when it exceeds a specified dollar amount. See AFI 34-209 for accounting procedures. The guidance in this paragraph applies to personal services contracts, awards, bingo, and prizes.

8.8.1. The NAFI reports NAF personal services contracts, including contracts with entertainers, that add up to $600 or more during a calendar year. Report to the IRS on IRS Form 1099 MISC.

8.8.2. A NAFI must report to the IRS any person who receives cash, prizes, or awards from a NAFI for contests, including sporting events and commercial sponsorship, that total $600 or more in any calendar year. Winnings include the fair market value of payment in any form other than cash (for example, a car, golf cart, television, golf clubs).

8.8.3. A NAFI must report to the IRS any person who receives a payment of $1,200 or more from one bingo game. Determine the value of such winnings as follows:

8.8.3.1. Don't subtract the selling price of one or more bingo cards for that game from the amount of the winnings.

8.8.3.2. Total all the individual's winnings from one bingo game. If the winner uses two or more cards in the same game or receives other payments on a bingo card while playing one game, the individual could be a multiple winner in that one game.

8.8.3.3. Don't include winnings and losses from any other games the winner played; for example, winnings on preceding or succeeding games do not accumulate for reporting purposes.

Chapter 9

SPECIAL USES OF NAFS

9.1. Trophies and Awards. The guidance in this paragraph applies when you purchase trophies and awards with NAFs. Awards involving any form of NAFI profit-sharing are prohibited. Expenditures are made only when:

- APFs aren't authorized.

- The activities or programs aren't mission-related.

- This chapter authorizes the use of NAFs.

9.1.1. Use NAFs to purchase trophies and awards for:

9.1.1.1. Competitive excellence in specified activities and programs.

9.1.1.2. Individual recognition of achievements authorized by Air Force instructions.

9.1.2. Use MWR NAFs for:

9.1.2.1. Trophies, plaques, US savings bonds, property, and cash awards for recreational competitive contests and events that are:

9.1.2.1.1. Officially announced in advance.

9.1.2.1.2. Conducted within a stated period.

9.1.2.1.3. Open equally to all eligible people and organizations that the NAFI supports.

9.1.2.2. For volunteers in the Family Services program and the MWR program.

9.1.2.3. For recognizing participation achievement; for example, complimentary pin or patch for bowling a 200 game or 500 series.

9.1.3. Use NAF funds to pay for the following awards:

9.1.3.1. For individual recognition programs when approved by the commander according to **Chapter 12**.

9.1.3.2. For NAF employee incentive award and recognition programs.

9.1.3.3. For NAF employees participating in the NAFI suggestion program (see AFI 34-301).

9.1.4. Use CSMSFs for awards for instructor and student incentive programs associated with the school's mission.

9.1.5. To ensure a consistent awards program:

9.1.5.1. Make the award commensurate with the achievement or accomplishment.

9.1.5.2. Make sure accomplishment and competition awards are officially established, announced, and (usually) of a continuing nature. Give awards annually, unless you wish to honor a unique accomplishment or when more frequent awards would clearly benefit the program.

9.1.5.3. Set processing, evaluation, and award procedures to minimize administrative or temporary duty (TDY) costs or both.

9.1.5.4. Limit the number of trophies, plaques, useful property awards, and similar items, as necessary.

9.1.6. The Services squadron commander or director annually reviews all award programs and decides whether they warrant continuation, as part of the NAF budget process.

9.1.7. The support group commander approves limits on cash or merchandise awards for sports and recreational events. For such events:

9.1.7.1. Publicize all events to attract as many participants as possible and avoid preferential treatment for a select few.

9.1.7.2. Award only accomplishments achieved in sanctioned play, tournaments, or events rather than open, free, or unsupervised activities.

9.1.7.3. Evaluate the cost of each award against the value of awards from sponsoring associations that recognize the same kind of accomplishment (for example, an American Bowling Congress award for bowling a 300 game).

9.1.7.4. Require competitors to acknowledge, in writing, that they understand that accepting cash prizes could void their amateur status.

9.1.7.5. Be prepared to give alternative awards, such as plaques, to those who decline cash. (See **Chapter 8** for payment of taxes and other AFI 34-series instructions for any further limitations on awards for sport competitions.)

9.1.8. In addition to cash or property, awards may include coupons for rounds of golf, lines of bowling, or free use of other MWR activities. The Services squadron commander approves such awards.

9.2. Travel and Transportation.

9.2.1. Temporary duty (TDY) travel with APFs is authorized for a NAF employee when an authorized DoD official directs the travel and it is related to business supported by APFs. Publish special orders for travel as required by AFI 37-128, *Administrative Orders (PA)*.

9.2.2. The NAFI directing the travel pays for the travel expenses of NAF officials or employees traveling on NAF business; that is, the internal operations of the NAFI (as opposed to supervisory functions that are official Government business).

9.2.2.1. Never use NAFs for travel to functions that the NAFI doesn't support. For example, don't use lodging funds for travel to a conference on family housing.

9.2.3. All NAF employees traveling to an installation on official APF or NAF TDY travel orders should reserve lodging with the applicable base lodging activity whenever possible. NAF employees must get a DD Form 1351-5, **Government Quarters and Mess**, or an assignment to contract quarters if they can't get lodging reservations. Otherwise they won't get paid for the quarters portions of the per diem or actual expense allowance.

9.2.4. Use APFs to transport NAF property (see AFI 65-106).

9.2.5. Regular NAF employees selected for permanent change of station (PCS) transfer to a NAFI at another Air Force installation are allowed essential travel and transportation according to AFI 34-301.

9.2.6. An individual traveling at NAF expense who receives a bonus coupon, a tangible article (for example, clock, radio, bag, golf balls), trading stamp discount document, or another ticket, turns the items in to the NAF AO or NAFI custodian. The traveler gets a receipt for the item.

9.2.6.1. Travelers may enroll in "frequent flyers" or other mileage-accumulation programs to get free or discounted travel or airline seat upgrades that ultimately accrue to the NAFI. In addition, coupons, discount tickets, and other benefits help defray the cost of future NAF travel.

9.2.6.2. Tangible items go to an appropriate MWR activity for use by authorized participants.

9.2.6.3. Inventory accountability depends on the value of the item and its useful life (see AFI 34-209). When tangible items are received for APF travel, account for them according to AFI 34-209.

9.2.7. Use NAFs to buy scheduled commercial airline tickets and recreational tourism services.

9.2.7.1. Air carriers providing NAF-funded charter flights must:

9.2.7.1.1. Be certified by the Federal Aviation Administration (FAA).

9.2.7.1.2. Meet the requirements of part 121 of the FAA regulations.

9.2.7.1.3. Be authorized by Air Mobility Command (AMC) to perform the services.

9.2.7.2. Submit requests to charter air carriers using NAFs to HQ AMC/TRC, Scott AFB IL 62225-5001, 60 days before the chartered flight.

9.3. Fund-Raising Events. See AFI 34-101.

9.4. NAFI Advertising. NAFIs, whether engaged in resale or not, communicate their presence and the goods and services they offer to as many authorized potential customers as they can.

9.4.1. Advertising must not reflect unfavorably on the NAFI, the Air Force, the DoD, and the Federal Government. See AFI 34-104 for specific guidance on advertising. **Note:** ***This advertising policy is separate and distinct from the MWR Commercial Sponsorship Policy (see AFI 34-207, Commercial Sponsorship Program).***

9.4.2. Only mail materials promoting the sale of specific commercial products or services to customers who voluntarily sign up to receive such advertising.

9.4.2.1. This restriction applies to any mailings containing specific branded products or pricing information.

9.4.2.2. Do not send mail-order catalogs under any circumstances.

9.4.3. NAFs pay for the cost of promotional mailings including postage.

9.4.4. NAFIs may:

9.4.4.1. Purchase or otherwise arrange for advertising produced primarily for distribution on the installation or to authorized customers.

9.4.4.2. Purchase, prepare, or produce advertising items for supported activities (such as ballpoint pens or calendars) for distribution to authorized customers.

9.4.4.3. Participate in coupon redemption programs offered to the general public or to the military community. Administration and accounting costs associated with the redemption program may not exceed the benefits to customers and the NAFI.

9.4.5. NAFIs may not sell space for commercial advertising. They may not accept any funds to offset the cost of advertising that is conditioned on excluding any other product, service, or advertisement or granting any additional benefit to a supplier.

9.4.5.1. Advertising relating to a NAFI must contain a disclaimer if:

- It is purchased by suppliers or other non-DoD sources.

- It appears in a medium that the advertised NAFI didn't prepare or produce.

9.4.5.1.1. The disclaimer must indicate that the advertisements do not express or imply endorsement by any part of the Federal Government and that the media involved are neither paid for nor sponsored by any part of the Federal Government.

9.4.5.2. A disclaimer is not required for items provided as premiums.

9.4.6. Activities may not initiate, sponsor, pay for, or request payment for advertising of particular goods or services, with these exceptions:

9.4.6.1. Activities may purchase advertising to promote Services programs or activities in US Armed Forces newspapers and civilian enterprise publications (usually base newspapers) published primarily for distribution on a military installation, when authorized.

9.4.6.2. The US Armed Forces installation or activity newspapers and American Forces Radio and Television Service (AFRTS) may carry unpaid noncommercial news stories, announcements, and listings of services that Services activities offer to command or activity personnel. In news stories and announcements concerning US Armed Forces professional entertainment events, Armed Forces newspapers (including Stars and Stripes), civilian enterprise publication, and AFRTS outlets, include the name of commercial sponsors with other story facts and appropriate disclaimers.

9.4.7. Services activities and programs may not produce, procure, distribute, or sell any media, printed or otherwise, containing commercial advertising (includes air show souvenir programs).

9.5. Open Houses and Air Shows. See AFI 34-101.

9.6. NAFI Vehicles. See AFI 34-204 for specific guidance.

9.6.1. Use NAFI vehicles for official Services and NAFI purposes only. Don't use them for private business, unofficial purposes, or personal convenience.

9.6.2. Don't use them for base protocol requirements unless the installation commander authorizes each use in writing.

9.6.2.1. Each authorization states that the vehicle is being temporarily assigned to the protocol function and states the duration of the assignment.

9.6.2.2. When used for protocol, the vehicle is serving an APF function and the NAF self-insurance liability program does not apply. Drivers must be in an official duty status.

9.6.3. For NAF vehicles being used for APF functions:

9.6.3.1. Always use an APF driver.

9.6.3.2. Make sure that the proposed use doesn't conflict with the vehicle's primary NAF mission.

9.6.3.3. Limit the vehicle's use to purposes approved for APF vehicles.

9.6.3.4. Don't allow or require APF or NAF reimbursement.

9.7. Resource, Recovery, and Recycling Program (RRRP). See AFI 34-204.

Chapter 10

WAIVERS, EXCEPTIONS, AND SPECIAL APPROVALS

10.1. Waivers and Exceptions. Identify this paragraph as the authority for waiver of this AFI.

10.1.1. MAJCOM supplements to Air Force instructions may limit specific base-level waiver authorities. MAJCOMs may not approve waivers that prescribe base-level actions, nor may they approve blanket waivers within their jurisdiction for their bases. Consider each waiver request separately.

10.1.2. Only those procedures and guidelines that specifically reference this instruction are eligible for waiver.

10.1.3. Waivers and exceptions to policy for civilian welfare funds and base restaurants require advance approval from the Board of Directors, AAFCWF (AFJI 34-122).

10.2. Submitting Requests for Air Force Approval.

10.2.1. To get a waiver, special authorization, change in policy, or other such exception, first get approval for the request from the installation commander. If the request requires Air Force level approval, you may then forward the request (with justification) through the MAJCOM to HQ AFSVA/SVQ for approval.

10.2.2. HQ USAF/SV will approve or disapprove.

Chapter 11

TENANT AND ISOLATED UNITS

11.1. Tenants and Hosts.

11.1.1. A tenant is:

11.1.1.1. A military organization of one service that occupies facilities on an installation under the jurisdiction of another service. (See DoDD 1015.1 for guidance on providing MWR fund benefits to tenant organizations of another service.)

11.1.1.2. An Air Force organization of one MAJCOM or FOA located on or attached to an Air Force installation under the jurisdiction of another MAJCOM.

11.1.2. The host is one of two entities:

11.1.2.1. The MAJCOM that has jurisdiction over the installation or other real property that the tenant occupies.

11.1.2.2. The organization that the host MAJCOM or HQ USAF designates to furnish tenant support.

11.1.3. Host commanders oversee all aspects of MWR operations. They provide the same MWR services and benefits for tenants as for comparable organizations in their commands.

11.1.3. **(ANG)** This includes ANG wings/units collocated on active Air Force installations except as otherwise provided in the basic AFI.

11.1.4. A MAJCOM/SV may help meet unique requirements of an organization tenanted on facilities of another command when the parent command considers it necessary.

11.2. Isolated Units.

11.2.1. An isolated unit is an organization that meets both of these criteria:

- Isn't located on a military installation with MWR programs or isn't located within 15 miles of such an installation.

- Does not receive an AAFES dividend distribution.

11.2.1.1. Isolated units may also include:

11.2.1.1.1. Security groups, recruiting, communication, or weather detachments.

11.2.1.1.2. Military training groups at colleges and universities.

11.2.1.1.3. Radar squadrons.

11.2.1.1.4. Military advisory assistance groups operating in locations without NAF assistance (see AFI 16-104, *Attache Affairs)*.

11.2.1.1.5. **(Added-ANG)** ANG wings or stand alone units (i.e. Red Horse or GSU's).

11.3. Getting MWR Support for Isolated Units. When a unit is within 15 miles of a military installation with MWR programs, the unit receives its MWR support from that military installation.

11.3. (ANG) Getting MWR Support for Isolated Units. For ANG wings/units, within 15 miles of a military installation with MWR (Services) programs, the provisions of this paragraph in the basic AFI apply.

11.3.1. Stipulate in a support agreement with the installation that the installation will:

11.3.1.1. Provide access to installation MWR facilities and services.

11.3.1.2. Allow the isolated unit full participation in MWR programs.

11.3.1.3. Provide other support as established by the installation commander.

11.3.2. Report problems in obtaining needed support through command channels for resolution.

11.3.3. On-the-spot assistance on MWR matters is available to smaller units that can't employ personnel or are not authorized assigned personnel for MWR programs.

11.4. Establishing an Isolated Unit.

11.4.1. An isolated unit may establish a support agreement with any Air Force installation within a 15-mile radius, regardless of whether other military installations may be closer.

11.4.2. An isolated unit may establish an agreement for MWR support with only one military installation at a time.

11.4.3. Include intra-command support in the support agreement.

11.4.3.1. The MAJCOM/SVF negotiates such agreements and gets approval from the host-tenant MAJCOM. The MAJCOM/SVF approves a memorandum of understanding (MOU), including the intra-command support provided.

11.4.3.2. The isolated unit fund (IUF) custodian keeps a copy of the MOU in the Life-of-the-Fund file.

11.4.4. Isolated units are not necessarily entitled to host base MWR funds for unit parties and picnics.

11.4.4.1. Installations may choose to provide such support (see paragraph **4.3.4.**).

11.4.4.2. Don't use any NAF source to provide supplemental funding for unit parties and picnics when local installation MWR programs do not include such support.

11.4.5. HQ AFSVA provides funding annually for Defense Attache Offices based on estimated military strength and adjusted to actual expenses at the end of the fiscal year.

11.4.6. Establish an isolated unit as an isolated unit fund when the unit's revenues exceed, or are expected to exceed, $36,500 per year. The isolated unit fund is subject to all regulations, reporting, and other requirements of MWR funds.

11.4.7. **(Added-ANG)** ANG wings/units outside of a 15 mile radius of an active duty military installation will receive nonappropriated fund support through their gaining MAJCOM. Funds will be administered as prescribed by the gaining MAJCOM NAF policies and procedures, normally through a gaining MAJCOM Isolated Unit Fund (IUF).

11.5. Determining MWR Support for Isolated Units.

11.5.1. **Isolated Unit Report (RCS:HAF-SV [A&Q] 9469).** Annually, by 1 October (with data as of 1 August), each MAJCOM/SV sends HQ AFSVA/SVF a listing of its isolated units. This report is designated emergency status code C3. Continue reporting during emergency conditions, delayed precedence. Submit data requirements as prescribed, but they may be delayed to allow the submission of higher precedence reports. During emergency conditions, submit by nonelectronic means, if possible. Discontinue reporting during MINIMIZE. This report includes:

- The unit name and location.

- Military strength by branch of service.

- Name and distance from closest military installation.

- Location Personal Accounting Symbol (PAS) code.

- Any additional MWR support a unit receives.

11.5.1. **(ANG)** Determining MWR Support for Isolated Units. ANG units will provide this data to their gaining MAJCOM. The gaining MAJCOM may issue an annual call for this information, based on HQ AFSVA/SVF guidance, or specify another timeframe for reporting strength figures.

11.5.1.1. Units with more than 100 military personnel provide this report by the first day of each quarter with data as of 2 months prior.

11.5.2. HQ AFSVA/SVF provides funding to each MAJCOM, for support of its isolated units annually or quarterly (as reported in paragraph **11.5.1.**), at a per capita rate that HQ USAF/SV establishes.

11.5.2. **(ANG)** ANG wings/units receive this support from their gaining MAJCOM and the funds will be administered as prescribed by the gaining MAJCOM NAF policies and procedures.

11.5.2.1. To determine the equivalent full-time strength of ANG and Reserve units, multiply their authorized strength by 5 percent and apply the per capita funding formula to the result.

11.6. Accounting for MWR Disbursements to Isolated Units.

11.6.1. The MAJCOM accounts for MAJCOM or base (if the MAJCOM assigns support responsibility to a base) disbursements to isolated units. Accounting is in accordance with AFI 34-209.

11.6.2. The allocating NAFI transfers NAFs for ANG units to the United States Property and Fiscal Officer (USPFO) for the state involved. Allocated NAFs remain assets of the allocating NAFI until they are actually expended.

11.6.2.1. The USPFO establishes a single bank account (checking or savings) for these NAFs.

11.6.3. Do not commingle NAFs with any other type of funds (state, Federal, private, or other).

11.6.3.1. If more than one NAFI allocates funds (for example, if the state has ANG units supported by more than one MAJCOM or base), the NAFs that the USPFO receives may be commingled, but they must be accounted for in such a way that allocations from a supporting NAFI are used for ANG units entitled to support from that NAFI.

11.6.3.2. The USPFO disburses NAFs to support ANG units as needed. Use of these NAFs is according to the provisions of this AFI.

11.7. Disbursing Funds to Isolated Units.

11.7.1. MAJCOMs provide support to their units at intervals that the MAJCOM establishes.

11.7.2. A MAJCOM/SV may designate a base MWR fund within the command to provide MWR fund support to an isolated unit.

11.7.3. An isolated unit fund may act as a consolidated NAFI to account for the funds of other isolated units that the same MAJCOM or base MWR fund supports. The fund may include other MAJCOM or other military service units by agreement.

11.7.4. A MAJCOM/SV may provide MWR funds to the parent organization to use for a group of isolated units or detachments.

11.7.5. If funds provided to a MAJCOM for a unit are not disbursed to the unit, the MAJCOM returns the funds to the AFMWRF.

11.7.5.1. Annually, each MAJCOM reports funds disbursed to their units.

11.7.5.2. HQ AFSVA determines the amount, if any, the MAJCOM must return to the AFMWRF.

11.7.6. Provide additional MWR funds to isolated units from command funds, if the parent command thinks it necessary.

11.7.7. **(Added-ANG)** ANG units will obtain guidance from gaining MAJCOMs on how NAFs will be distributed, how they will be used, and any prior approval process required.

Chapter 12

SUPPORT FOR SPECIAL MORALE AND WELFARE (SM&W) PURPOSES

12.1. SM&W Expenditures.

12.1.1. SM&W expenditures are NAF expenditures considered necessary to contribute to the overall morale and welfare of the military community. SM&W expenditures must:

12.1.1.1. Be conservative.

12.1.1.2. Be in the best interests of the Air Force.

12.1.1.3. Benefit the military community.

12.1.1.4. Not be limited to specific grades or levels of personnel.

12.1.2. Don't use SM&W funds in lieu of APFs for purposes authorized in AFI 65-603, *Official Representation Funds*, unless specifically authorized in this chapter.

12.1.3. **(Added-ANG)** SM&W funds are not available to gaining MAJCOM IUFs supporting ANG units. ANG units collocated on active duty installations do not have IUFs and any support required should be included in the memorandum of agreement between host and ANG units.

12.2. Commander Responsibilities.

12.2.1. Commanders may approve expenditures of NAFs from the applicable MWRF for SM&W purposes according to this chapter.

12.2.1.1. Obtain advance approval prior to all SM&W expenditures. Commanders establish procedures to ensure that all SM&W expenditures are approved in advance.

12.2.1.2. Commanders may delegate expenditure approval authority up to specific amounts for recurring functions such as civic affairs, conferences, recognition programs, and occasions that orient members of the command.

12.2.1.3. MAJCOM, FOA, and Numbered Air Force commanders may delegate approval authority to the director of staff-level for all other expenditures.

12.2.1.4. Commanders below these levels may not delegate approval authority.

12.2.1.5. Persons who are delegated authority to approve purchases must comply with AFI 64-301, where NAF purchases are involved.

12.2.1.6. Commanders may establish a petty cash fund to expedite small item purchasing.

12.2.2. MAJCOM commanders ensure the program's integrity by personally monitoring base-level expenditures and requiring and reviewing quarterly reports of base-level SM&W expenditures. They or their delegates (see paragraph **12.2.1.**) approve or disapprove SM&W expenditures from the MAJCOM MWR fund.

12.2.2.1. Subordinate commanders and commanders of units that other MAJCOMs support submit a quarterly report of all SM&W expenditures to their supporting MAJCOM commander. Use *Expenditures for SM&W Purposes*, RCS: HAF-MWR(Q)8401. This report is designated emergency status code C3. Continue reporting during emergency conditions, delayed precedence. Sub-

mit data requirements as prescribed, but they may be delayed to allow the submission of higher precedence reports. Submit by nonelectronic means, if possible. Discontinue reporting during MINIMIZE. Itemize each expenditure, the dollar amount, purpose, items or services purchased, and recipients. Include command-level expenditures in quarterly reports.

12.2.2.2. A HQ AFSVA representative periodically visits MAJCOMs to evaluate their management of the SM&W program. This representative provides a written report of findings to the MAJCOM/SV for resolution with the command section.

12.2.2.3. MAJCOMs must respond to the finding in writing, indicating what corrective actions they're taking.

12.2.3. Host commanders have an obligation to fulfill the SM&W requirements for their unit commanders, tenant unit commanders on their bases, and off-base unit commanders for which they have MWRF support responsibility. Requests for SM&W funds follow the format at **Attachment 6**.

12.2.4. The commander decides what SM&W needs will be met and closely scrutinizes each expenditure to avoid criticism or embarrassment to the Air Force. Initially forward all requests for SM&W expenditures to FM for funding from APFs (see AFI 65-603, *Official Representation Funds*):

12.2.4.1. If FM certifies that representation funds are not authorized, you may submit a request to use NAFs for an authorized SM&W expenditure.

12.2.4.2. If APF representation funds are authorized but not available, don't use NAFs for the SM&W expenditures.

12.2.5. Commanders must exercise restraint in using SM&W funds for purposes described in this chapter so that basic MWR programs and services are not deprived of the NAF resources required to ensure their effectiveness. The authorization for SM&W expenditures does not constitute a commander's fund in any sense.

12.3. MWR Fund Custodian Responsibilities.

12.3.1. The custodian:

12.3.1.1. Briefs incoming commanders who exercise SM&W expenditure authority on the provisions in this chapter.

12.3.1.2. Prepares quarterly reports and accounts for all SM&W expenditures using guidance in AFI 34-209.

12.3.2. The custodian inventories and controls refreshments, mementos, and other stock items and ensures that mementos are not purchased for resale.

12.3.3. The custodian establishes sound stock control procedures.

12.3.3.1. Ensure that the inventory system provides a clear audit trail for items purchased and records the specific purposes and events for which the items were issued. (You may control mementos manually using stock record or bin cards or computerize these records.)

12.3.3.2. Conduct an annual inventory and provide an inventory report to the commander. Make sure that independent persons conduct the inventory, with help from the memento custodian. The MWR fund custodian keeps all inventory certifications for audit purposes.

12.3.3.3. Don't mix inventory items purchased from SM&W funds with items purchased from appropriated contingency (official representation) or other funds.

12.3.3.4. Reconcile expenditure-supporting documents with amounts in quarterly reports and with financial statements submitted through the NAF Standard Accounting and Management System.

12.4. Permissible Expenditures. Commanders and others delegated approval authority will not expend funds for SM&W purposes if funds are authorized elsewhere in this instruction or authorized from APFs (AFI 65-603), unless this paragraph cites them as an exception. This paragraph lists examples of permissible expenditures.

NOTE: For the purposes of this chapter, light refreshments are defined as nonalcoholic beverages, desserts, or snacks. Alcoholic beverages of any kind, meals, buffets, banquets, smorgasbords, and heavy hors d'oeuvres are excluded.

12.4.1. Individual recognition programs for military and civilian employees:

12.4.1.1. Trophies, nominal monetary awards, and meals for award winners such as airman, NCO, and officer of the quarter.

12.4.1.2. Insignia and stripes for promotions.

12.4.1.3. Mementos (not to exceed $20) for retirements.

12.4.1.4. Light refreshments at recognition events.

12.4.2. Occasions that welcome and orient members of the command such as commander's call and welcoming orientations (light refreshments only).

12.4.3. Expenditures for conferences, workshops, and seminars (light refreshments only).

12.4.4. Normal hosting of visiting Government and non-Government personnel.

12.4.4.1. Expenditures for Government personnel (other than for individual recognition according to paragraph **12.4.1.**) includes mementos ($20 maximum value) and receptions or similar special events that the commander personally approves. Amenities are limited to light refreshments.

12.4.4.2. Expenditures for non-Government personnel can include meals, receptions, and mementos (maximum $20 value) for civic affairs-type functions which further the MWR Program and are not authorized from APFs.

12.4.5. Memorial observances (patriotic, national, local, and for deceased members and their immediate families) that uphold traditions of the Service and the United States. Authorized expenditures include flowers and contributions to national or local charities or foundations, etc., in lieu of flowers.

12.4.6. Civic affairs and events furthering the unit's morale by promoting and fostering good relations between Air Force personnel and civilian communities. Authorized expenditures include payment for receptions and meals at official events hosted by community leaders, for authorized Air Force representatives unless in a TDY status. These expenditures are those not authorized from APFs under AFI 65-603 and are limited to commanders or their designated representatives.

12.4.7. Individual memberships in local civic organizations. Limit these to the commander or the commander's designated representative and only when necessary to further the interests of the Air Force, the MAJCOM, or the welfare of Air Force people.

12.4.8. Change of command ceremonies on a modest basis. MAJCOM commanders establish a dollar limit on these expenditures.

12.4.9. Outstanding Airmen of the Year (OAY) Program: Commanders may fund out-of-pocket expenses up to $300 for the 12 OAY. Refer to AFI 36-2805, *Personnel, Special Trophies and Awards*, paragraph 3.6.12.

12.5. Prohibited Expenditures. Commanders and those delegated approval authority will not spend SM&W funds for:

12.5.1. Purposes that do not directly relate to the overall morale and welfare of the command and the interests of the Air Force.

12.5.2. Purposes for which the use of MWR funds is expressly prohibited in this instruction; that would conflict with DoDD 5500.7, *Joint Ethics Regulation*; or that would circumvent administrative or legal restrictions on the use of NAFs.

12.5.3. Contributions or support for private individuals or organizations, other NAFIs, or non-Air Force Government organizations.

12.5.4. Contributions to national or local charities, foundations, or similar organizations, except as authorized in paragraph **12.4.5.**

12.5.5. Financing DoD- or Air Force-directed programs, operations, or services having no connection with MWR. Examples are:

12.5.5.1. Purchasing, maintaining, and repairing non-MWR furnishings, equipment, and supplies.

12.5.5.2. Altering, modifying, maintaining, or repairing facilities.

12.5.5.3. Paying salaries or other compensation to people not working in MWR.

12.5.5.4. Lodging programs.

12.5.6. Gifts or amenities except those listed in paragraph **12.4.**

12.5.7. Free alcoholic beverages or open bars for any function. *EXCEPTION:* Commanders may provide free beer, on a conservative basis, at a commander's call.

Table 12.1. Special Morale and Welfare (SM&W) and Related Expenditures.

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
	A. INDIVIDUAL RECOGNITION PROGRAMS			
	Competitive Award Programs			
1	for excellence in a particular function, school incentive program associated with the school's mission, mission accomplishment, special incentive program, or compliance motivation as authorized in a 36-series AFI	not authorized	authorized (see below in this Competitive Awards Programs section for specific expenditures.)	not authorized.
2	competitive base-wide awards programs (such as airman, NCO, and officer of the quarter/year) officially announced in advance, open to the base at large, and authorized in a 36-series AFI			authorized (see below for specific expenditures).
3	intramural sports and athletic competitions			not authorized.
4	trophies, plaques, and other awards (excluding athletic events associated with base MWR sports programs)		authorized	authorized.
5	light refreshments, as defined in paragraph **12.4.** (no alcohol) at award ceremonies			
6	gift certificates, coupons, savings bonds, and nominal cash awards		not authorized	
7	meals for award winners and spouses			authorized (if not in TDY status).
8	corsage/boutonniere or memento for spouse of award winners		not authorized	authorized ($20 limit).
9	travel and per diem for attendance at awards ceremonies		authorized	not authorized.
10	alcoholic beverages or any other expense		not authorized	
	Promotions			
11	insignia, stripes, and similar items	not authorized	authorized (enlisted only)	authorized.
12	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages) at promotion ceremonies		not authorized	authorized.
13	corsage/boutonniere or memento for spouse of promoted individual	not authorized	not authorized	authorized.($20 limit).
14	alcoholic beverages or any other expense			not authorized.
	Retirement			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
15	Memento for retiree	not authorized	not authorized	authorized ($20 limit).
16	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages) at award ceremonies			authorized.
17	corsage/boutonniere or memento for spouse of retiree			authorized ($20 limit).
18	alcoholic beverages or any other expense			not authorized.
	School Graduations			
19	formal school graduation ceremonies	not authorized	not authorized	not authorized
	B. CIVIC AFFAIRS AND EVENTS			
	Hosted by Community Leaders			
20	meals, excluding alcoholic beverages, for commanders or their designated representative when officially representing the Air Force at official events	not authorized	authorized (JFTR, volume I, U4235-B)	authorized (if not in official TDY status).
21	any other expense		not authorized	not authorized.
	Hosted by Air Force for DoD Personnel			
	for guest of honor at or above levels listed in AFI 65-603:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
22	meals for Government or non-Government personnel	authorized	not authorized	not authorized.
23	alcoholic beverages	authorized (as part of official function)		
24	refreshments, receptions	authorized		
25	memento for Government personnel	not authorized		authorized ($20 limit).
26	memento for non-Government personnel	authorized ($200 limit)		not authorized.
27	pro-rata costs of non-DoD authorized guests' participation in MWR activities	authorized		
28	any other expense	not authorized		
	for guest of honor below levels listed in AFI 65-603:			
29	meals for Government personnel			not authorized.
30	meals for non-Government personnel			authorized.
31	alcoholic beverages			not authorized.
32	refreshments, receptions, etc.			authorized (light).
33	memento for Government or non-Government personnel			authorized ($20 limit).
34	pro-rata costs of non-DoD authorized guests' participation in MWR activities, excluding alcoholic beverages			authorized.
35	any other expense			not authorized.
	Hosted by Air Force for Non-DoD Personnel			
	for fewer than 30 people, with no more than 80% DoD; OR 30 people or more, with no more than 50% DoD:			
36	meals for Government and non-Government personnel	authorized	not authorized	not authorized.
37	alcoholic beverages	authorized (as part of official function)		

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
38	refreshments, receptions, etc.	authorized	not authorized	not authorized
39	memento for Government personnel	not authorized		authorized ($20 limit).
40	memento for non-Government personnel	authorized ($200 limit)		not authorized.
41	pro-rata costs of non-DoD authorized guests' participation in MWR activities	authorized		
42	any other expense	not authorized		
	for fewer than 30 people, with more than 80% DoD; OR 30 people or more, with more than 50% DoD:			
43	meals for Government personnel			not authorized.
44	meals for non-Government personnel			authorized.
45	alcoholic beverages			not authorized.
46	refreshments, receptions, etc.			authorized (light).
47	memento for Government and non-Government personnel			authorized ($20 limit).
48	pro-rata costs of non-DoD authorized guests' participation in MWR activities, excluding alcoholic beverages	not authorized	not authorized	authorized.
49	any other expense			not authorized.
	C. MEMORIAL OBSERVANCES			
	for patriotic, national, and local observances that uphold traditions of the Service and the United States (such as Veteran's Day or Memorial Day):			
50	flowers and wreaths	not authorized	authorized	authorized.
51	light refreshments, as defined in paragraph **12.4.** at memorial observances		not authorized	
52	any other expense			not authorized.
	upon the death of a military member or civilian employee of that organization; member of their immediate family; or distinguished leader of the local community with strong ties to the base:			
53	flowers or wreaths	not authorized	not authorized	authorized.
54	donations to charitable organizations in lieu of flowers when requested by the bereaved			authorized (nominal).
55	any other expense			not authorized.
	for memorialization (naming a street, building, etc.), see AFI 36-3108:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
56	travel of next of kin, relatives, friends, etc.	not authorized	not authorized	not authorized.
57	plaque or permanent marker identifying the person being memorialized		authorized	
58	costs associated with the actual ceremony (military band, invitations, programs, etc.)			
59	reception for guest(s) of honor, other relatives or person being memorialized, and special guests	authorized at receptions only	not authorized	
60	flowers, corsage/boutonniere, or memento for guest(s) of honor			authorized ($20 limit).
61	album with photographs and narrative about the ceremony for guest(s) of honor			not authorized.
62	all other expenses	not authorized		
	for ethnic and holiday observances:			
63	activities designed to recognize the contributions that minorities and women have made to society (scholarly lectures, ethnic historical exhibits, art exhibits, displays, musical groups, etc.)	not authorized	authorized	not authorized.
64	live artistic performance when part of a formal program designed to make the audience aware of cultural or ethnic history being celebrated			
65	honoraria or speaking fee			
66	meals for non-Government guest speakers when away from home or regular place of business			
67	small samples of ethnic foods prepared and served during a formal ethnic awareness program			
68	holiday greeting cards or seasonal decorations for offices or personal use	not authorized	not authorized	not authorized
69	seasonal decorations, not of religious character, for use only where all members of the organization may benefit		authorized	
	D. WELCOMING AND ORIENTING			
	for newcomers' welcome, orientation, etc.:			
70	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages)	not authorized	not authorized	authorized.
71	alcoholic beverages or any other expense			not authorized.
	for commander's call:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
72	free beer	not authorized	not authorized	authorized (conservative basis).
73	other alcoholic beverages			not authorized.
74	light refreshments, as defined in paragraph **12.4.**			authorized.
75	picnics			not authorized.
76	any other expense			not authorized.
	E. HOSTING OF VISITING PERSONNEL			
77	fruit basket, welcome basket, etc.	not authorized	not authorized	authorized ($20 limit).
78	memento for Government personnel			authorized ($20 limit).
79	memento for non-Government personnel	authorized ($200 limit)		not authorized.
80	meals, refreshments, receptions, etc.	See Guidance under Section B, Civic Affairs and Events		
	F. ENHANCEMENT OF ENVIRONMENT			
81	enhancing work areas	not authorized	(See AFI 65-601V1)	not authorized.
82	enhancing living areas, like pictures and equipment in day rooms			
83	seasonal decorations (nonreligious only) where all members of the organization may benefit		authorized	authorized for dining facilities and hospitals.
	G. CONFERENCES, WORKSHOPS, AND SEMINARS			
	hosting visiting personnel incidental to conferences, workshops, and seminars	see B. Civic Affairs and Events and E. Hosting of visiting personnel		
	other expenses associated with conferences, workshops, and seminars:			
84	alcoholic beverages	not authorized	not authorized	not authorized.
85	light refreshments, as defined in paragraph **12.4.**			authorized.
86	meals for Government personnel			not authorized.
87	TDY expenses (lodging, travel, per diem, registration fee, etc.)		authorized	
88	expenses for guest speaker (travel, per diem, lodging, honorarium, etc.)			
89	any other expense		not authorized	
	H. CHANGE OF COMMAND CEREMONIES			
	when specifically approved in advance by the Secretary of the Air Force to further community, public, or international relations (applies to MAJCOM only except in the most exceptional circumstances warranting policy waiver.):			
90	for pro-rata share of costs for authorized non-DoD attendees, excluding alcoholic beverages	authorized	not authorized	not authorized.

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
91	light refreshments, as defined in paragraph **12.4.**, at change of command ceremonies	not authorized	not authorized	authorized.
92	printing of invitations, programs, etc.		authorized	not authorized.
93	alcoholic beverages		not authorized	
94	meals for Government personnel			
	I. MEMBERSHIP IN ORGANIZATIONS			
95	for membership in local civic organizations for the commander or designated representative where necessary to further the interests of the Air Force, the command, or the welfare of Air Force personnel	not authorized	authorized only in the name of the organization	authorized only for the commander or designated representative.
96	for meetings, luncheons, etc. hosted by a civic organization for the commander or designated representative where necessary to further the interests of the Air Force, the command, or the welfare of Air Force personnel only		authorized (JFTR, volume I, U4235-B)	authorized (if not in official TDY status).
97	for membership in professional organizations		authorized only in the name of the organization	not authorized.
98	for membership in all other organizations		not authorized	
99	any other expense			

12.5.8. Individual membership fees in professional, scientific, or technical societies and associations.

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12.5.9. Meals (except as authorized in this instruction), entertainment, protocol functions for Government personnel, or protocol or command representation functions that are authorized APF support.

12.5.10. Traditional receptions, such as commanders' New Year's Day receptions, to which only specific grades or groups are invited.

12.5.11. TDY expenses or expenses for any purpose for which APFs are authorized, except as specifically identified in this chapter.

12.6. Propriety of Expenditures. Commanders judge the propriety of requested expenditures based on this chapter.

12.6.1. **Table 12.1.** gives examples of situations and occasions where SM&W funds may or may not be used.

12.6.2. If commanders are unsure whether a proposed expenditure is proper, they request a determination from their MAJCOM.

12.6.3. MAJCOMs may contact HQ AFSVA/SVX, 10100 Reunion Place, Suite 502, San Antonio TX 78216-4138 for guidance or interpretations on the propriety of using SM&W funds for unusual situations.

ARTHUR J. MYERS,
Director of Services

(ANG)

CRAIG R. McKINLEY, Lieutenant General, USAF
Director, Air National Guard

Attachment 1

REFERENCES, ABBREVIATIONS, AND ACRONYMS

References

"***Note: The user of this instruction must verify the currency of the cited documents.***"

DoD Directive 1015.1, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities*, 19 Aug 1981"Note: "

DoD Directive 5500.7, *Joint Ethics Regulation* (formerly AFR 30-30, *Standards of Conduct*)

DoD Instruction 1015.2, *Operational Policies for Morale, Welfare, and Recreation (MWR) Activities*, 17 May 1985

DoD Directive 1015.6, *Funding of Morale, Welfare, and Recreation Programs*, 3 Aug 1984

DoD Instruction 1330.18, *Resale Activities Conducted With the Use of Nonappropriated Funds, Other Than by Military Exchanges*, 28 Aug 1974

AFI 16-104, *Attache Affairs* (formerly AFR 400-45)

AFI 25-201, *Support Agreements Requirements* (formerly AFR 11-4)

AFI 31-209, *Air Force Resource Protection Program* (formerly AFR 125-37)

AFI 32-1022, *Planning and Programming of NAF Facility Construction Programs* (formerly AFR 86-1, volume 2)

AFI 34-101, *Services Programs and Patron Eligibility* (formerly AFR 215-1)

AFI 34-105, *Programming for Services Facility Requirements*

AFI 34-109, *Air Force Community Activities Center Programs* (formerly AFRs 215-10, 215-14, and 215-21)

AFI 34-115, *Air Force Club Program* (formerly AFRs 215-11 and 215-13)

AFI 34-119, *Alcohol Beverage Program* (formerly AFR 215-7)

AFI 34-123, *Private Organizations Program* (formerly AFR 34-4)

AFI 34-202, *Protection of Assets* (formerly AFR 176-2)

AFI 64-301, *NAF Contracting* (formerly AFR 176-9)

AFI 34-204, *Services Logistic Support Program* (formerly AFR 215-8)

AFI 34-207, *Air Force MWR Commercial Sponsorship Program* (formerly AFR 176-1)

AFI 34-209, *NAF Financial Management and Accounting*

AFI 34-301, *NAF Personnel Management and Administration* (formerly AFR 40-7)

AFI 34-601, *Air Force Lodging Program* (formerly AFR 90-9)

AFI 35-301, *Air Force Base Newspapers and Commercial Enterprise Publications* (formerly AFR 190-1)

AFI 36-2805, *Personnel, Special Trophies, and Awards* (formerly AFR 900-29)

AFI 36-2852, *Services Awards Program* (formerly AFR 900-29)

AFI 36-3101, *Fund Raising within the Air Force* (formerly AFR 11-32)

AFI 37-128, *Administrative Orders* (formerly AFR 10-7)

AFI 51-301, *Civil Litigation* (formerly AFR 110-24)

AFI 51-601, *Gifts to the Air Force* (formerly AFR-11-26)

AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities* (formerly AFR 215-5)

AFPD 65-3, *Internal Auditing* (formerly AFR 175-4)

AFI 65-403, *Followup on Internal US Air Force Audit Reports* (formerly AFR 175-2)

AFI 65-603, *Official Representation Funds* (formerly AFR 11-16)

AFR 147-14, *Army and Air Force Exchange Service (AAFES) Operating Policies*, August 1984

AFJI 34-122, *Civilian Nonappropriated Funds and Morale, Welfare, and Recreation Activities*, April 1988

Abbreviations and Acronyms

AAFCWF—Army and Air Force Civilian Welfare Fund

AAFES—Army and Air Force Exchange Service

AFAA—Air Force Audit Agency

AFB—Air Force base

AFBCIF—Air Force Base Capital Improvement Fund. Provides a NAF source for funding base capital improvements.

AFFMF—Air Force Financial Management Fund. Provides financial services to Air Force and field NAFIs and acts as financial manager for NAFIs participating in the Cash Management and Investment Program(CMIP).

AFI—Air Force Instruction

AFIF—Air Force Insurance Fund. Provides NAF self insurance services to Air Force, MAJCOM, and base-level NAFIs and offers insurance and other benefit programs for NAFI employees.

AFJI—Air Force Joint Instruction

AFLF—Air Force Lodging Fund

AFMWRAB—Air Force Morale, Welfare, and Recreation Advisory Board

AFMWRF—Air Force Morale, Welfare, and Recreation Fund. Receives and maintains custody of dividends from AAFES and funds from other authorized sources and uses and disburses such funds to MAJCOM and other NAFIs.

AFR—Air Force Regulation

AFRES—Air Force Reserve

AFRTS—American Forces Radio and Television Service

ANG—Air National Guard

APF—Appropriated fund

BCWF—Base Civilian Welfare Fund

BRF—Base Restaurant Fund

CCC—Cost center code

CMIP—Cash management investment program

CMSGT—Chief master sergeant

CSAF—Chief of Staff of the Air Force

CSMSF—Commandant's School Mission Support Fund

DOD—Department of Defense

DODD—Department of Defense Directive

DODI—Department of Defense Instruction

DRMO—Defense Reutilization Marketing Office

ERPT—Air Force NAF Employee Retirement Plan Trust. Receives and administers required contributions from both NAFI employees and their employing NAFIs and pays Air Force NAF Retirement Program benefits.

FAA—Federal Aviation Agency

F&A—Finance & audit

FM—Financial manager

FOA—Field operating agency

FSO—Financial services office

HRO—Human resources office

IRS—Internal Revenue Service

IUF—Isolated unit fund

JA—Judge advocate

MAJCOM—Major command

MAJCOM/SV—Major command, director of services

MOU—Memorandum of understanding

MPF—Military Personnel Flight

MTF—Medical treatment facility

MWR—Morale, Welfare, and Recreation

MWRF—Morale, Welfare, and Recreation Fund

NAF—Nonappropriated fund

NAF AO—NAF accounting office

NAFI—Nonappropriated fund instrumentality

NCO—Noncommissioned officer

OSI—Office of Special Investigation

PACA—Public accountant contract audit

PACOM—Pacific Command

PCS—Permanent change of station

QAE—Quality assurance evaluator

QRP—Quality recycling program

RMF—Resource management flight

RMFC—Resource management flight chief

SAF—Secretary of the Air Force

SIOH—Supervision, inspection, and overhead

SM&W—Special morale & welfare

SMSGT—Senior master sergeant

SS—Services squadron

TA—Table of allowance

TDY—Temporary duty

TLF—Temporary lodging facility

USPFO—United States Property and Fiscal officer

AFSVA/CC—Commander, Air Force Services Agency

AMC—Air Mobility Command

AFLSA/JACL—General Litigation Division

HQ AFSVA—Headquarters, Air Force Services Agency

HQ AFSVA/SVF—Directorate of Financial Management and Comptroller, HQ AFSVA

HQ AFSVA/SVFA—Field Activities Division, HQ AFSVA

HQ AFSVA/SVL—Office of Legal Counsel, HQ AFSVA

HQ AFSVA/SVS—Directorate of Management Systems, HQ AFSVA

HQ AFSVA/SVQ—Directorate of Plans & Evaluations, HQ AFSVA

HQ AFSVA/SVQE—Evaluations Division, HQ AFSVA

HQ AFSVA/SVQF—Facilities and Logistics Division, HQ AFSVA

HQ AFSVA/SVX—Directorate of Force Management and Personnel HQ AFSVA

HQ USAF/SV—Directorate of Services, Headquarters, United States Air Force

USAFA—United States Air Force Academy

USAREUR—US Army Europe

USEUCOM—Unified Command (USAREUR and USAFE)

Attachment 1 (ANG)

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

Abbreviations and Acronyms

AF—Air Force

IMT—Information Management Tool

POC—Point of Contact

Terms

Gaining MAJCOM—The MAJCOM the wing or unit is gained by in its execution of its wartime mission.

Attachment 2

NAFS COUNCIL MEETING MINUTES

SAMPLE

(Appropriate Letterhead)

FROM: (functional address symbol)

SUBJECT: Minutes of the (name of the base) NAFs Council Meeting

TO: (See Distribution)

1. A (regular)(special) meeting of the NAFs Council, _____ Air Force Base, _____ was called to order by the chairperson at ___(time)___, ___(date)__.
2. Attendance:
   a. Members present: (Grade, name, and organization) (List chairperson first, then members alphabetically by grade)
   b. Members absent: (Grade, names, and organization) (List reason if known)
   c. Others present: (Custodian, advisors, guests)
3. The council reviewed the minutes of the preceding (regular) (special) meeting dated _____, and (accepted them as written) (accepted them as written subject to change--cite specifics).
4. (Review of most recent financial statement and comparison to budgets.)
5. Old business:
   a. Committee reports, if applicable.
   b. Other business previously discussed but not concluded.
   c. Note for record of any out-of-session actions since last meeting.
   d. Status of special allocations, if applicable.
   e. Status of special projects, if applicable.
6. New business:
   a. Review correspondence, audits, Inspector General reports, and directives from higher echelons of commands. (Include action taken and council recommendations.)
   b. Recommend changes in the policies, organization, or scope of the NAFI.
   c. Recommend approaches on financial matters (including budgets), security, fire protection, employee policies, maintenance, expenditures, and any other new business.
7. The following motions were made, seconded, and approved:
   a. To _____.
   b. That _____.

8. The meeting adjourned at _____, ___(date)___.

_____ _____

Chairperson (grade, name) Custodian (grade, name)

APPROVED/DISAPPROVED (List exceptions or changes desired.

_____ _____

Commander Date

(Write the minutes to summarize discussion points. If the council made and approved a motion, include a statement such as "See motion in paragraph 7.". This notation helps management to consolidate council actions at one location for command action and future reference.)

Distribution:

Commander

Each Council member

Custodian

Activity Managers

MAJCOM SV

Attachment 3

SAMPLE NAFI CHARTER

(SEE NOTE)

The (name of the NAFI) is hereby established as a (applicable category; for example, lodging NAFI) for the purpose of _____. It will be operated according to AFI 34-201 and other applicable directives. The successor NAFI is _____.

REQUESTING COMMANDER APPROVING OFFICIAL

(name, grade, and signature) (name, grade, and signature)

NOTE: MAJCOMs send a copy of each approved charter to HQ AFSVA/SVF, 10100 Reunion Place, Suite 400, San Antonio TX 78216-4138.

Attachment 4

CHECKLIST FOR DISSOLVING A NAFI

	Days before desolution (D-Day)
1. Review operating budget for the final 180 days; submit to the successor NAFI custodian for approval.	D-240
2. Prepare a time-phased plan to terminate operations.	D-210
3. Put the revised budget in operation. Check and revise it monthly, as needed, and submit it to successor NAFI custodian for approval.	D-180
4. Discontinue off-shore contracting, if applicable.	D-180
5. Limit expenditures to those that liquidate liabilities or pay essential operating costs and prevent loss in net earnings before dissolution.	D-180
6. Prepare reduction-in-force plan, coordinate it with HRO/CPO, and notify employees.	D-180
7. Notify vendors of dissolution, cancel outstanding orders, and tell the successor NAFI custodian of all en-route shipments that can't be canceled.	D-180
8. Send a letter to the contracting office to terminate all construction.	D-180
9. Review outstanding obligations to recognize and record liabilities, especially those concerning personnel (severance pay, bonuses, and retroactive increases).	D-180
10. Inventory nonexpendable property to determine if it is serviceable; start disposition.	D-180
11. Initiate time-phased plan.	D-90
12. Notify Air Force Audit Agency (AFAA) Area Audit Office of the pending dissolution.	D-90

13. End credit sales and check cashing, if applicable.	D-90
14. Arrange to cancel contracts including concessionaire agreements; request rebates of premiums, advance payments, deposits, and so forth.	D-30
A15. Convert investments to cash or transfer ownership of Government securities to successor NAFI as directed and if applicable.	D-30
A16. Purify accounts receivable, begin collections, request Military Pay Orders, make write-offs, and so forth.	D-30
A17. Reduce purchases of salable merchandise and supplies to end up with a minimum on hand on D-Day.	D-30
A18. Arrange to turn-in unserviceable property to Defense Reutilization Marketing Office (DRMO). Determine disposition of serviceable property.	D-30
A19. List all remaining resale items and forward to the successor NAFI custodian for redistribution.	D-30
A20. Ask contractors and vendors to submit final bills by D-15; liquidate obligations.	D-30
A21. Arrange to return resale items to commissary.	D-15
A22. Close bank accounts and pay any remaining obligations; send excess cash, unsettled liabilities, claims, uncollected accounts, terminal financial statements, and terminal audit, if available, to the successor NAFI.	D-Day
A23. Complete final reports and other actions required locally (workers' compensation, income and FICA taxes, unemployment compensation, W-2 forms, and so forth).	D-Day
A24. Dispose of all documentation according to AFI 37-133V1.	D-Day

Attachment 5

SOURCES OF FUNDS FOR MWR FUND ACTIVITIES (CATEGORIES A AND B)

The following matrix provides examples of the proper fund source in base-level MWR Fund activities.

Example	Policy	Exceptions
Facility Projects	AFI 32-8002 specifies the proper fund source for APF and NAF community facilities.	Waivers to fund source require OSD approval. Also, waivers to fund source for facility maintenance and repair require AF/CE approval. SAF approval is required to use NAFs for environmental compliance in Category A and B activities.
Personnel	Manpower standards identify APF areas of responsibility. NAFs may not be used in lieu of APFs.	Waivers may be granted by MAJCOM/SV/FM on a case-by-case basis to use NAFs in lieu of APFs. Waivers will be reviewed annually and authority to grant waivers is not delegable.
Equipment and Supplies	Equipment on TAs is to be funded at bases with APFs. Supplies authorized APF support are also to be funded with APFs. Equipment and supplies that should be NAF are funded locally.	Waivers to use NAFs to fund supplies and equipment may be granted by the installation commander and this authority is not delegable. Equipment that is funded with NAFs that should have been funded with APF is reported quarterly to the MAJCOM/SV. (Note that additions to TAs will be submitted to HQ AFSVA for validation.)

NOTES:

1. Ensure support provided is properly reported through the RCS: HAF-MWR(Q) 7503 *Report, Appropriated Fund Support to Morale, Welfare and Recreation (MWR) Activities*.
2. SAF/FM policy directive, AFPD 65-1, *Financial Services*, includes metrics for measuring progress toward accomplishing the goals set out in CSAF/CV letter, 20 Mar 93.
3. AFSVA/CD letter dated 7 Feb 1994 tells how to compute APF percentages for Cat A and Cat B activities, and exclusions to NAF expenses for Cat A and B activities.
4. See AFI 65-106 for additional authorization e.g., maintenance and repair, utilities, etc.
5. See AFI 65-106 for funding policies for lodging funds.

Attachment 6

SAMPLE REQUEST FOR APPROVAL OF SM&W EXPENDITURE

(Appropriate Letterhead)

FROM: (functional address symbol) (date)

SUBJECT: Request for Approval of Special Morale and Welfare Expenditure

TO: (NAFI Custodian)

1. State total amount requested and purpose. (Example: Request authorization for funds not to exceed $_____ for plaque for SMSgt Smith's promotion ceremony.) Give a brief explanation and justification of the requirement in sufficient detail for adequate review and determination.
2. Include:
   a. Date and place of function:
   b. Guest(s) of honor:
   c. Attendance: Military _____; Civilian_____
   d. Light refreshments and beverage costs $ _____; Average per person $_____
   e. Additional expenses (by item and amount):
   f. Senior officer hosting the function:
   g. Project officer and telephone number:

_____

(name, grade, and title of originator)

1st Ind

To: _____/CC (date)

Appropriated Funds (are) (are not) authorized for this request. If authorized, appropriated funds (are) (are not) available for this request.

_____

(name, grade, and title of Installation Financial Manager)

2nd Ind

To: _____/CC (date)

The requested expenditure is authorized under AFI 34-201. Recommend (approval) (disapproval).

_____

(name, grade, and title of NAFI custodian)

3rd Ind

To: (NAFI Custodian) (date)

The above request is approved in an amount not to exceed $_____. Notify the originator of this approval and prepare documentation for obligation of the funds involved.

_____

Commander or person delegated approval authority

Attachment 7

TEXT OF IC 99-1 TO AFI 34-201

1 OCTOBER 1999

SUMMARY OF REVISIONS

This change identifies new DoD policy requiring consideration of Public-Private Ventures (PPVs) to satisfy Category C capital requirements exceeding $1 million. It complements a change to AFI 64-301, Nonappropriated Fund Contracting Policy (IC 99-1, 13 May 99). Paragraph **4.1.7.** is added to identify the new requirement and provide a vehicle for conducting any economic analysis required.

4.1.7. When NAF capital expenditures of more than one million dollars are being planned for Category C activities, the Public-Private Venture (PPV) alternative must be considered as prescribed in AFI 64-301, Nonappropriated Fund Contracting Policy, paragraph 8. Before accomplishing an economic analysis consider the effect of the potential PPVon the benefit or mission involved and the impact on authorized patrons, the MWR program, and the local community. Where an economic analysis is required to determine best value for the Air Force, refer to the economic analysis programs on the HQ AFSVA web site at **http://www-r.afsva.af.mil** (under Financial Management). Any PPV contract/agreement requires prior written approval from HQ USAF/ILV.

Attachment 8

IC 2002-1 TO AFI 34-201, USE OF NONAPPROPRIATED FUNDS (NAFS)

17 JUNE 2002

SUMMARY OF REVISIONS:

This change expands the Special Morale and Welfare (SM&W) expenditure authority to provide mementos to the spouses of awardees, promoted individuals, and retirees, and mementos for guests of honor at memorialization (naming a street, building, etc.) functions.

Table 12.1. Special Morale and Welfare (SM&W) and Related Expenditures.

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
	A. INDIVIDUAL RECOGNITION PROGRAMS			
	Competitive Award Programs			
1	for excellence in a particular function, school incentive program associated with the school's mission, mission accomplishment, special incentive program, or compliance motivation as authorized in a 36-series AFI	not authorized	authorized (see below in this Competitive Awards Programs section for specific expenditures.)	not authorized.
2	competitive base-wide awards programs (such as airman, NCO, and officer of the quarter/year) officially announced in advance, open to the base at large, and authorized in a 36-series AFI			authorized (see below for specific expenditures).
3	intramural sports and athletic competitions			not authorized.
4	trophies, plaques, and other awards (excluding athletic events associated with base MWR sports programs)		authorized	authorized.
5	light refreshments, as defined in paragraph 12.4. (no alcohol) at award ceremonies			
6	gift certificates, coupons, savings bonds, and nominal cash awards		not authorized	
7	meals for award winners and spouses			authorized (if not in TDY status).
8	corsage/boutonniere or memento for spouse of award winners		not authorized	authorized ($20 limit).

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
9	travel and per diem for attendance at awards ceremonies	not authorized	authorized	not authorized.
10	alcoholic beverages or any other expense		not authorized	
	Promotions			
11	insignia, stripes, and similar items	not authorized	authorized (enlisted only)	authorized.
12	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages) at promotion ceremonies		not authorized	authorized.
13	corsage/boutonniere or memento for spouse of promoted individual	not authorized	not authorized	authorized.($20 limit).
14	alcoholic beverages or any other expense			not authorized.
	Retirement			
15	Memento for retiree	not authorized	not authorized	authorized ($20 limit).
16	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages) at award ceremonies			authorized.
17	corsage/boutonniere or memento for spouse of retiree			authorized ($20 limit).
18	alcoholic beverages or any other expense			not authorized.
	School Graduations			
19	formal school graduation ceremonies	not authorized	not authorized	not authorized
	B. CIVIC AFFAIRS AND EVENTS			
	Hosted by Community Leaders			
20	meals, excluding alcoholic beverages, for commanders or their designated representative when officially representing the Air Force at official events	not authorized	authorized (JFTR, volume I, U4235-B)	authorized (if not in official TDY status).
21	any other expense		not authorized	not authorized.
	Hosted by Air Force for DoD Personnel			
	for guest of honor at or above levels listed in AFI 65-603:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
22	meals for Government or non-Government personnel	authorized	not authorized	not authorized.
23	alcoholic beverages	authorized (as part of official function)		
24	refreshments, receptions	authorized		
25	memento for Government personnel	not authorized		authorized ($20 limit).
26	memento for non-Government personnel	authorized ($200 limit)		not authorized.
27	pro-rata costs of non-DoD authorized guests' participation in MWR activities	authorized		
28	any other expense	not authorized		
	for guest of honor below levels listed in AFI 65-603:			
29	meals for Government personnel			not authorized.
30	meals for non-Government personnel			authorized.
31	alcoholic beverages			not authorized.
32	refreshments, receptions, etc.			authorized (light).
33	memento for Government or non-Government personnel			authorized ($20 limit).
34	pro-rata costs of non-DoD authorized guests' participation in MWR activities, excluding alcoholic beverages			authorized.
35	any other expense			not authorized.
	Hosted by Air Force for Non-DoD Personnel			
	for fewer than 30 people, with no more than 80% DoD; OR 30 people or more, with no more than 50% DoD:			
36	meals for Government and non-Government personnel	authorized	not authorized	not authorized.
37	alcoholic beverages	authorized (as part of official function)		

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
38	refreshments, receptions, etc.	authorized	not authorized	not authorized
39	memento for Government personnel	not authorized		authorized ($20 limit).
40	memento for non-Government personnel	authorized ($200 limit)		not authorized.
41	pro-rata costs of non-DoD authorized guests' participation in MWR activities	authorized		
42	any other expense	not authorized		
	for fewer than 30 people, with more than 80% DoD; OR 30 people or more, with more than 50% DoD:			
43	meals for Government personnel			not authorized.
44	meals for non-Government personnel			authorized.
45	alcoholic beverages			not authorized.
46	refreshments, receptions, etc.			authorized (light).
47	memento for Government and non-Government personnel			authorized ($20 limit).
48	pro-rata costs of non-DoD authorized guests' participation in MWR activities, excluding alcoholic beverages	not authorized	not authorized	authorized.
49	any other expense			not authorized.
	C. MEMORIAL OBSERVANCES			
	for patriotic, national, and local observances that uphold traditions of the Service and the United States (such as Veteran's Day or Memorial Day):			
50	flowers and wreaths	not authorized	authorized	authorized.
51	light refreshments, as defined in paragraph **12.4.** at memorial observances		not authorized	
52	any other expense			not authorized.
	upon the death of a military member or civilian employee of that organization; member of their immediate family; or distinguished leader of the local community with strong ties to the base:			
53	flowers or wreaths	not authorized	not authorized	authorized.
54	donations to charitable organizations in lieu of flowers when requested by the bereaved			authorized (nominal).
55	any other expense			not authorized.
	for memorialization (naming a street, building, etc.), see AFI 36-3108:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
56	travel of next of kin, relatives, friends, etc.	not authorized	not authorized	not authorized.
57	plaque or permanent marker identifying the person being memorialized		authorized	
58	costs associated with the actual ceremony (military band, invitations, programs, etc.)			
59	reception for guest(s) of honor, other relatives or person being memorialized, and special guests	authorized at receptions only	not authorized	
60	flowers, corsage/boutonniere, or memento for guest(s) of honor			authorized ($20 limit).
61	album with photographs and narrative about the ceremony for guest(s) of honor			not authorized.
62	all other expenses	not authorized		
	for ethnic and holiday observances:			
63	activities designed to recognize the contributions that minorities and women have made to society (scholarly lectures, ethnic historical exhibits, art exhibits, displays, musical groups, etc.)	not authorized	authorized	not authorized.
64	live artistic performance when part of a formal program designed to make the audience aware of cultural or ethnic history being celebrated			
65	honoraria or speaking fee			
66	meals for non-Government guest speakers when away from home or regular place of business			
67	small samples of ethnic foods prepared and served during a formal ethnic awareness program			
68	holiday greeting cards or seasonal decorations for offices or personal use	not authorized	not authorized	not authorized
69	seasonal decorations, not of religious character, for use only where all members of the organization may benefit		authorized	
	D. WELCOMING AND ORIENTING			
	for newcomers' welcome, orientation, etc.:			
70	light refreshments, as defined in paragraph **12.4.** (other than alcoholic beverages)	not authorized	not authorized	authorized.
71	alcoholic beverages or any other expense			not authorized.
	for commander's call:			

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
72	free beer	not authorized	not authorized	authorized (conservative basis).
73	other alcoholic beverages			not authorized.
74	light refreshments, as defined in paragraph **12.4.**			authorized.
75	picnics			not authorized.
76	any other expense			not authorized.
	E. HOSTING OF VISITING PERSONNEL			
77	fruit basket, welcome basket, etc.	not authorized	not authorized	authorized ($20 limit).
78	memento for Government personnel			authorized ($20 limit).
79	memento for non-Government personnel	authorized ($200 limit)		not authorized.
80	meals, refreshments, receptions, etc.	See Guidance under Section B, Civic Affairs and Events		
	F. ENHANCEMENT OF ENVIRONMENT			
81	enhancing work areas	not authorized	(See AFI 65-601V1)	not authorized.
82	enhancing living areas, like pictures and equipment in day rooms			
83	seasonal decorations (nonreligious only) where all members of the organization may benefit		authorized	authorized for dining facilities and hospitals.
	G. CONFERENCES, WORKSHOPS, AND SEMINARS			
	hosting visiting personnel incidental to conferences, workshops, and seminars	see B. Civic Affairs and Events and E. Hosting of visiting personnel		
	other expenses associated with conferences, workshops, and seminars:			
84	alcoholic beverages	not authorized	not authorized	not authorized.
85	light refreshments, as defined in paragraph **12.4.**			authorized.
86	meals for Government personnel			not authorized.
87	TDY expenses (lodging, travel, per diem, registration fee, etc.)		authorized	
88	expenses for guest speaker (travel, per diem, lodging, honorarium, etc.)			
89	any other expense		not authorized	
	H. CHANGE OF COMMAND CEREMONIES			
	when specifically approved in advance by the Secretary of the Air Force to further community, public, or international relations (applies to MAJCOM only except in the most exceptional circumstances warranting policy waiver.):			
90	for pro-rata share of costs for authorized non-DoD attendees, excluding alcoholic beverages	authorized	not authorized	not authorized.

RULE	A	B	C	D
	If support is for	**then appropriated (Contingency) funds under AFI 65-603 are**	**and appropriated funds under AFI 65-601V1 are**	**and nonappropriated SM&W expenditures are**
91	light refreshments, as defined in paragraph 12.4., at change of command ceremonies	not authorized	not authorized	authorized.
92	printing of invitations, programs, etc.		authorized	not authorized.
93	alcoholic beverages		not authorized	
94	meals for Government personnel			
	I. MEMBERSHIP IN ORGANIZATIONS			
95	for membership in local civic organizations for the commander or designated representative where necessary to further the interests of the Air Force, the command, or the welfare of Air Force personnel	not authorized	authorized only in the name of the organization	authorized only for the commander or designated representative.
96	for meetings, luncheons, etc. hosted by a civic organization for the commander or designated representative where necessary to further the interests of the Air Force, the command, or the welfare of Air Force personnel only		authorized (JFTR, volume I, U4235-B)	authorized (if not in official TDY status).
97	for membership in professional organizations		authorized only in the name of the organization	not authorized.
98	for membership in all other organizations		not authorized	
99	any other expense			

Attachment 9 (Added-ANG)

INSTRUCTIONS FOR RECEIVING AAFES DIVIDENDS AT ANG INSTALLATIONS

A9.1. (Added-ANG) AAFES Dividend Criteria. The following instructions provide criteria for determining the eligibility of a gaining MAJCOM NAFI supporting an Air National Guard (ANG) installation to receive AAFES simplified dividend payments, the means by which payments will be made, and the reporting requirements for units receiving payments.

A9.2. (Added-ANG) Eligibility Criteria.

A9.2.1. **(Added-ANG)** General:

A9.2.1.1. **(Added-ANG)** To receive direct dividend payments, the programs must be opened to and provide for the benefit of all eligible DoD MWR program beneficiaries in the local area. If programs are limited to the social needs of ANG unit members, then the only financial support provided is the per-capita allocation.

A9.2.1.2. **(Added-ANG)** Programs must follow the same operational, financial, and other guidance applicable to similar programs on active and reserve bases.

A9.2.1.3. **(Added-ANG)** The gaining MAJCOM must provide oversight, control, and assistance on a level provided to other bases in the command.

A9.2.1.4. **(Added-ANG)** Funds and other assets must remain under the control of a designated Federal official who is accountable for their proper use.

A9.2.2. **(Added-ANG)** At least one AAFES sales outlet must be on the installation.

A9.2.3. **(Added-ANG)** The installation must have one or more core MWR programs in place, or have a command-approved plan to implement core programs. Core programs for ANG installations include:

A9.2.3.1. **(Added-ANG)** Sports fields and/or courts

A9.2.3.2. **(Added-ANG)** Physical fitness and/or multipurpose recreation programs

A9.2.3.3. **(Added-ANG)** Sports/recreation equipment checkout programs

A9.2.3.4. **(Added-ANG)** ANG Dining Social Clubs (not a Federal NAFI), chartered IAW ANGI 34-121, *Dining Social Club Organizations,* with on-site feeding capability. These dining social clubs are not entitled to NAF support.

A9.2.4. **(Added-ANG)** HQ USAF/A1S may approve NAF support for expanding programs beyond the core programs listed above when sufficient patron demand dictates, so long as funding is adequate and the expanded programs do not inhibit the operation of core program activities. Submit requests with supporting documentation through NGB/A1S to the gaining MAJCOM/A1S and HQ AFSVA/SVF to HQ USAF/A1S for action. Ensure NGB/A1S receives a copy of the request.

A9.3. (Added-ANG) Controls.

A9.3.1. **(Added-ANG)** The gaining MAJCOM must:

A9.3.1.1. **(Added-ANG)** Provide oversight, training, and assistance at the same level as provided other bases in the command (program support, operational assistance, financial expertise, inspection and quality assurance, reviews and analysis, etc.).

A9.3.1.2. **(Added-ANG)** Control availability of NAFs subject to compliance with AF guidance.

A9.3.1.3. **(Added-ANG)** Ensure AF guidance regarding accountability, use of funds, asset controls, personnel, banking, reporting, and program management is followed.

A9.3.1.4. **(Added-ANG)** Monitor financial performance and ensure programs comply with established AF and gaining MAJCOM pricing and profitability policies.

A9.3.2. **(Added-ANG)** Funds and other assets must remain under Federal control.

A9.3.2.1. **(Added-ANG)** Procedures that comply with the 34-series of AF directives must be in place to provide control over locally-generated revenue, procurement, local petty cash-type expenditures, NAF property, and other NAF assets that are maintained at the local level.

A9.3.2.2. **(Added-ANG)** NAF accounting and disbursing services must be in place, either at a NAF accounting office (AO) designated by the command, at the MAJCOM, or as provided through NAF Transformation initiatives.

A9.3.2.3. **(Added-ANG)** The gaining MAJCOM or servicing installation NAF AO must provide NAF financial analyst (NAFFA) services and oversight.

A9.3.3. **(Added-ANG)** If an ANG installation has a large enough MWR program to qualify to receive dividend payments (whether partial or full), establish a separate gaining MAJCOM NAF instrumentality (NAFI) following the procedures in AFI 34-209 and AFMAN 34-214. Establishing a separate NAFI provides a greater level of control, reporting, and accountability.

A9.3.3.1. **(Added-ANG)** The name of the NAFI will be "*(Installation name)* Federal Morale, Welfare, and Recreation Fund." Example: "Kingsley Field Federal Morale, Welfare, and Recreation Fund."

A9.3.3.2. **(Added-ANG)** The charter must clearly reflect the NAFI as an Air Force NAFI, and specifically name the successor fund.

A9.3.3.3. **(Added-ANG)** Contact HQ AFSVA/SVFA for NAFI and Cash Management and Investment Program (CMIP) account numbers.

A9.3.3.4. **(Added-ANG)** The Air Force NAFI must be under the control of an appropriate Federal official, i.e., active duty military member or appropriated fund or nonappropriated fund civilian Air Force employee. If there is no such full-time individual at the ANG base, the NAFI shall be under the direct control of the gaining MAJCOM.

A9.3.4. **(Added-ANG)** MWR facility projects on ANG installations may qualify for AF Base Capital Improvement Fund support. Approval authority for projects outside the core ANG programs is the Deputy Assistant Secretary of the Air Force (Installations).

A9.4. (Added-ANG) Reporting Requirements.

A9.4.1. **(Added-ANG)** ANG units.

A9.4.1.1. **(Added-ANG)** Request simplified dividends through NGB/A1S to the gaining MAJCOM/A1S, who forwards the request through HQ AFSVA/SVF to HQ USAF/A1SR. Units must demonstrate the need for simplified dividends. HQ USAF/A1S evaluates all requests and determines if dividends are warranted, and to what extent. As a minimum, requests must include:

A9.4.1.1.1. **(Added-ANG)** Gaining MAJCOM-approved concept of operations

A9.4.1.1.2. **(Added-ANG)** Supporting market analysis

A9.4.1.1.3. **(Added-ANG)** First-year financial plan

A9.4.1.1.4. **(Added-ANG)** Gaining MAJCOM plan for exercising control over funds

A9.4.1.1.5. **(Added-ANG)** Plan for providing accounting and oversight support

A9.4.1.2. **(Added-ANG)** When an ANG unit receiving AAFES simplified dividends from a supporting NAFI no longer meets the criteria to receive that dividends, the accountable official must immediately notify the gaining MAJCOM/A1S, who forwards the information to HQ AFSVA/SVF. HQ AFSVA/SVF will discontinue providing the simplified dividends and begin providing per-capita allocations instead.

A9.4.2. **(Added-ANG)** The NAF AO keeping records for each NAFI providing support to an ANG unit receiving AAFES simplified dividends forwards a quarterly financial statement (RCS: HAF-MWR(Q) 7407) and supporting documents for each unit to its gaining MAJCOM/A1S as required by AF guidance.

A9.4.3. **(Added-ANG)** Gaining MAJCOM/A1Ss forward financial reports and supporting documents as required by AF guidance.

A9.5. (Added-ANG) Payment Method.

A9.5.1. **(Added-ANG)** HQ AFSVA/SVF will transfer the applicable AAFES simplified dividend to the NAF AO for qualifying ANG installations each month via CMIP.

A9.5.2. **(Added-ANG)** Annually, HQ AFSVA/SVF will review financial statements, supporting documentation, and any other pertinent information to determine if simplified dividends should be continued at each ANG location. Under the following circumstances, HQ AFSVA/SVF notifies the gaining MAJCOM/A1S that dividends may be reduced or discontinued:

A9.5.2.1. **(Added-ANG)** Where excess funds are accumulating for an ANG location, unless the input from the accountable officer clearly shows why they are needed.

A9.5.2.2. **(Added-ANG)** Where the dividends are not being used to provide programs as originally intended; i.e., to support and improve MWR programs for all eligible patrons.

A9.5.2.3. **(Added-ANG)** When the proper documents have not been submitted by the ANG unit.