

MORAL, WELFARE and RECREATION ACTIVITIES  
and  
FUND INSTRUMENTALITIES

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**Purpose.** This regulation provides uniform policies and procedures governing the administration of Arizona National Guard Nonappropriated Morale, Welfare and Recreation (MWR) Activities.

**Scope.** This regulation applies to all Army, State and Civilian employees of the Arizona National Guard and its programs. All DEMA, Division of Military Affairs employees, as well as retirees of the Arizona Army National Guard, are also included.

**Supplementation.** Supplementation of this regulation is prohibited without prior approval from the Morale, Welfare, and Recreation Executive Council.

**Interim Changes.** The proponent of this regulation is the Resource Manager, Department of Emergency and Military Affairs. Users are invited to send comments and suggested improvements directly to the Adjutant General, State of Arizona, ATTN: AZAA-MWR, 5636 E. McDowell Road, Phoenix, AZ 85008-3495.

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Contents

CHAPTER 1-General	Para	Page
Purpose	1.1	3
References	1.2	3
Authority	1.3	3
Exclusions	1.4	3
Fiscal Management	1.5	3
MWR Concept	1.6	3
MWR Principles	1.7	5
MWR Program Objectives	1.8	5
Nonappropriated Fund Resources	1.9	5

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	Para	Page
CHAPTER 2-Responsibilities		
TAG	2.1	6
Department of Emergency & Military Affairs	2.2	7
MWR Executive Council	2.3	7
Installation Commanders	2.4	9
 CHAPTER 3-Reimbursement of Costs	 3.0	 10
Amusement/Vending Machines	3.1	10
Reimbursable Costs Associated with Doing Business	3.2	10
Determination of Reimbursable Costs	3.3	11
Energy Conservation	3.4	11
 CHAPTER 4-Unit Clubs	 4.0	 12
Unit Club Definition and Purpose	4.1	12
Mission	4.2	12
Memberships	4.3	12
Administrative Procedures	4.4	15
Minimum Requirements for Accounting Records	4.5	17
Responsibilities of Commands	4.6	18
Liquidation	4.7	19
Sources of Income and Fiscal Responsibility	4.7	19
 CHAPTER 5-Transient Housing Activities		
General	5.1	20
 References	 App A	 21
Appropriated Versus Non-Appropriated Funds	App B	22
Authorized Use of APF's to Support NAF's	App C	23
Authorized Use of NAF's	App D	24
Unauthorized Use of NAF's	App E	25

## 1.0 GENERAL

**1.1 Purpose.** This regulation establishes policy, prescribes procedures, and assigns responsibilities for Arizona Army National Guard Nonappropriated Morale, Welfare and Recreation (MWR) activities.

**1.2 References.** Required References and related publications are listed in Appendix A.

**1.3 Authority.** Army National Guard Nonappropriated funds (NAFs) used for MWR activities are established, maintained, and disestablished under authority of this regulation. The authority to establish a Morale, Welfare and Recreation fund and activities within DEMA is ARS 26-153.a.

### 1.4 Exclusions.

a. Programs that are governed by other regulatory guidance such as Armory Boards (AZ NGR 50-1), Recycle Programs (AR 200-1), Hunting & Fishing and Wood Cutting programs (AR 200-3) and the Family Support Program (DEMA Directive 600-12) are exempt from the provisions of this regulation.

b. Programs that are supported with appropriated funds are also exempt except when appropriated funds are not available and the expenditure of nonappropriated funds is authorized, in writing, by the Adjutant General or his designated representative.

**1.5 Fiscal Management.** Except as otherwise specified in this regulation, funds received from MWR Activities and the various other fund sources will be deposited in the DEMA MWR Fund in the Office of the State Treasurer. Such funds will be deposited and accounted for by the State Comptroller (DEMA-RMD). All funds will be managed by the MWR Executive Council (MWREC). The MWREC may appoint an agent at its discretion and may delegate fund management authority(ARS 26-153. a-d).

### 1.6 MWR Concept.

a. MWR is a quality of life program that directly supports military readiness by providing a variety of community, Guardmember, and family support activities and services. Such support includes: social, fitness, recreational, educational, and other activities that enhance community life, foster Guardmember and unit readiness, promote mental and physical fitness, and generally provide a working and living environment that attracts and retains quality Guardmembers.

b. The concept of the Arizona National Guard Morale, Welfare and Recreation (MWR) program is that of a centrally managed fund supported by and in support of all military and civilian employees of the AZARNG and DEMA Division of Military Affairs.

c. The support is cyclical in that MWR funds generated by soldiers, units and MWR activities are consolidated in a single State nonappropriated

fund that is maintained by the State Comptroller at the direction of the Director of Resource Management and the MWR Executive Council (MWREC).

d. The MWREC recognizes units down to the Brigade/Regiment level. Administration of the MWR program below these levels is the responsibility of the Brigade/Regiment Commander, or his/her designated representative.

e. Units at any level who request MWR funds to support their activities will forward such requests through Command channels, in writing, to the Chairmen, MWREC, ATTN: AZAA-MWR. All requests will be considered for funding by a quorum of MWREC members on a quarterly basis. MWREC members will prioritize requests based on the greatest good benefiting the largest number of people. Approved requests will remain on the list until they are funded, the requestor withdraws the request or the request becomes invalid.

f. Requests that are under \$5000 can be approved by the MWREC. The MWREC will forward the prioritized list of requests that exceed \$5000 to the AAG-A for approval. Upon approval by the AAG-A, the MWREC will respond, in writing, to the requestor providing a status of their request.

g. The utilizing unit shall provide a short after action report to the MWREC, through Command channels, that describes the supported event and provides an itemized accounting of how the MWR funds were disbursed. Funds that are not used will be returned to the State Comptroller for deposit back into the State NAF. Funds disbursed in excess of the MWR funds provided should be submitted in writing through Command channels to the MWREC for placement on the prioritized funding list.

h. Priority of funding. MWR funds shall be distributed in such a manner to ensure the largest number of eligible personnel receive the greatest benefit from the expenditure of funds. Therefore, the MWREC hierarchy for priority of funding is:

(1) Reimbursement of direct costs incident to a unit/facility recycle sale.

b. Command Directed (AAG-A or TAG level), to include special requirements related to federal mobilization or State Active Duty.

c. Brigade/Regiment requests.

d. Family support/family awareness not related to unit activities.

**1.7 MWR Principles. (AR 215-1, 1-8, a-e)**

a. Programs are designed to meet needs of the unit/installation/community. This includes Guardmembers, units, retirees, civilian employees and their families.

b. Programs are prioritized based on their impact on readiness.

c. Programs support readiness, recruiting, and retaining highly qualified Guardmembers.

d. Nonappropriated funds are returned to Guardmembers, their families, and other authorized patrons by providing needed MWR services and improvements.

e. Program management is based on long-range planning, generation of NAF resources and application of other authorized resources to meet current operating requirements while providing for reinvestment in programs, facilities, and equipment.

f. The MWR program is a nonappropriated fund activity. A nonappropriated fund activity is one that uses fund sources other than those provided by Congress or the State legislature. At no time will the State or Federal government incur a liability as a result of MWR functions.

**1.8 MWR Objectives. The MWR Program:**

a. Supports combat readiness and effectiveness.

b. Supports recruitment and retention of quality personnel.

c. Supports leisure time activities designed to improve the quality of life commensurate with generally accepted American values.

d. Promotes and maintains the mental and physical well being of authorized personnel.

e. Fosters community pride, Guardmember morale, and family wellness. Promotes unit esprit de corps.

f. Eases the impact of relocation and deployment.

**1.9 NAF GENERATING ACTIVITIES.** All NAF revenue generating activities will be approved by the MWREC prior to implementation:

a. Sources of MWR funds:

(1) Unit level MWR programs

(2) Brigade/Regiment MWR programs. Unit level and Brigade/Regiment level MWR resources that have the potential to generate MWR funds which include but are not limited to:

- DRMO sales
- Vending/amusement machines
- Pay phones
- ATM machines
- Special events
- Parking for special events
- other revenue generating programs
- RV parking/storage
- Permits
- equipment rental
- License plates IAW ARS 26-153.1

(3) Recycle program IAW AR200-1

(4) Hunting, fishing, woodcutting, permit fees, IAW AR 200-3

(5) Transient housing funds IAW AR AZNGR 50-1

b. All monies generated by MWR activities covered in this regulation shall be put on deposit with the State Comptroller. Reimbursement for operating costs or costs incurred shall be submitted at the same time the funds are presented for deposit. The State Comptroller will issue a check at that time to cover operating costs that are justified and properly documented.

c. No MWR funds are authorized to be maintained below the State level. The State Comptroller will establish sub-accounts within the State MWR account for the MACOM's. On a quarterly basis, the MWREC will deposit up to \$1000 into the account maintained at the MACOM level to support MWR activities in the Command for the period of time between MWREC quarterly meetings. Quarterly deposits to the Brigade/Regiment sub-account will be dependent upon availability of funds.

## **2.0 Responsibilities**

**2.1 Adjutant General.** The Adjutant General, with the approval of the Governor, may:

a. Establish financially self-supporting morale, welfare and recreation activities (to include support personnel) for the National Guard (ARS 26-153).

b. Direct the disposal of unserviceable property belonging to the MWR activity, account for the proceeds and transmit them to the Morale, Welfare, and Recreation Fund, or a successor fund (AR 215-1, 12-14).

c. Appoint an Executive MWR Council to direct the MWR program for the Arizona National Guard (ARS 26-153).

**2.2 Department of Emergency and Military Affairs.** The State Resource Manager, with the approval of the Adjutant General shall:

- a. Serve as the proponent for MWR directives.
- b. Coordinate all joint matters between Army and civilian agencies within DEMA, Division of Military Affairs.
- c. Allocate funds as directed by TAG guidance and the MWREC.
- d. Serve as a non-voting member of MWR executive council.
- c. Exercise budget oversight of MWR Activities and nonappropriated funds.
- d. Fifteen days prior to the end of each quarter, the DEMA State Comptroller will provide a MWR account statement to the MWREC. This statement will show a current account balance and all deposits and withdrawals made from the MWR account, at the minimum, for the previous 90 days.

**2.3 MWR Executive Council (MWREC).**

- a. The MWREC provides oversight to the Resource Manager (DEMA-RM) as to the proper management of the MWR fund account. The Resource Manager administers the fund including reviews and audits, while the MWREC directs the overall operation.
- b. The MWREC, with the approval of the Adjutant General may:
  - (1) Establish, approve, maintain, and disestablish MWR nonappropriated funds and activities (ARS 26-153).
  - (2) Designate financial oversight and audit requirements.
  - (3) Determine MWR fund allocation for TAG directed activities, Brigade/Regiment, subordinate units, or other activities.
  - (4) Hire or contract employees to support MWR programs using MWR funds, if required.
  - (5) Review and perform oversight of MWR programs and ensure that funds are used judiciously and within established guidelines.
  - (6) Appoint an agent to act on its behalf if appropriate.
  - (7) Ensure that all MWR activities have adequate insurance coverage.
  - (8) Resolve conflicts between MWR activities.
  - (9) Levy an assessment for reimbursement of utility costs.

(10) At a minimum, hold annual meetings with quarterly meetings being the goal

(11) Quorums for conducting business and voting will consist of a majority of the voting membership.

The composition of MWREC will be as follows, but not limited to:

<u>Voting Member</u>	<u>Non-Voting Members</u>
-HQ, STARC(-)	-Staff Judge Advocate
-98 <sup>th</sup> Troop Cmd	-DEMA Resource Manager
-153 <sup>rd</sup> FA Bde	-USP&FO
-385 <sup>th</sup> Avn Attk Reg	-Family Support Officer
-Camp Navajo	-Director for Joint Operations
-WAATS	-Resource Manager (State Comptroller)
-DEMA, Div of Mil Affairs	-The Inspector General
-Chair (appointed by TAG)	

MWREC members may not be a Local Armory Board member or manager. MWREC members will serve a term of not more than four years. The MWREC may include officers, warrant officers, enlisted personnel and civilians as voting members. The Chair is the senior ranking military or full-time civilian employee.

c. MACOM MWR Checking sub-accounts. The State Comptroller, at the request of the MWREC, will establish MWR checking sub-accounts for the units/agencies represented by the voting membership of the MWREC.

(1) All MWR sub-accounts will require dual signatures.

(2) The MACOM Representative to the MWREC should be one of the signators. The second signator should be the MWR Program Manager appointed by the MACOM Commander.

(3) MACOM's will provide the names, SSN, DOB and daytime phone number of sub-account signators to the MWREC. The MWREC will, in turn, forward the information to the State Comptroller. The State Comptroller will establish the sub-account with the information provided and will contact the signators. Signators should have some degree of longevity with the organization because when a signator leaves the MACOM, the sub-account is suspended pending the appointment of a new signator.

(4) At the beginning of each quarter, the MWREC shall direct the DEMA State Comptroller to deposit \$1000 into each of the established MACOM sub-accounts. These funds are provided to the MACOM to support low dollar requests from subordinate units. At the beginning of each quarter, the MWREC will direct the deposit of sufficient funds to bring the MACOM

sub-account balances back to the \$1000 level on the condition that (5), below is satisfied.

(5) Fifteen (15) days prior to the end of the quarter, the Program Manager will forward all receipts for funds expended during the quarter to the MWREC. Once the sub-account balance has been verified and all invoices deemed to be appropriate (See Annex D and C of this regulation) the action described in (4) above will occur. Program Managers shall also provide a short cover letter describing any irregularities that may have occurred during the quarter.

**2.4 Installation Commanders.** For the purposes of this regulation, "Installation" commanders are: Commander, HQ STARC(-); Commander, Western Area Aviation Training Site; Commander, 153<sup>rd</sup> Field Artillery Brigade; Commander, 98<sup>th</sup> Troop Command; Commander, 385<sup>th</sup> Aviation Attack Regiment and Commander, Camp Navajo;. The Installation Commanders will do the following, as appropriate, for the MWR activity in their command:

a. Plan, manage, and operate local command MWR programs, Local MWR funds, and other nonappropriated funds based on mission requirements, community needs, and AZ National Guard requirements. Oversee MWR activities for subordinate units.

b. Develop annual budgets; ensure that programs and activities are managed and operated on a sound financial basis; and comply with policy and guidance issued by the MWR executive council.

c. Conduct program reviews, develop installation MWR long-range plans, and implement plans approved by TAG, DEMA, and MWREC. Ensure that interests of the MWR patron base are identified and considered when management decisions are made.

d. Ensure that nonappropriated funds generated are promptly placed on deposit with the State Treasurer.

e. Ensure that the revenues received from the MWR council meet the goals and objectives of the AZ National Guard program.

f. Ensure that local MWR councils are appointed.

g. Develop and use effective internal management controls.

h. Perform review and oversight of MWR financial activities.

i. Plan for MWR support during mobilization, wartime, and contingency operations.

j. Provide input to MWREC on revenue sources/activities and programs to improve quality of life for our Guardmembers, families, and civilian employees.

k. Ensure the subordinate sponsoring agent of an MWR activity has adequately addressed the liability issues of the activity.

l. Consolidate MWR requests from subordinate units and fund from the MACOM MWR sub-account as feasible. Forward requests that the local MWR fund is unable to consider to the MWREC at least quarterly.

m. Manage reimbursements from MWR activities for subordinate activities by assessing use of APF Utilities.

n. Appoint a MWR Program Manager.

o. Nominate MWREC members to the Adjutant General.

### **3.0 Reimbursement of Costs:**

a. MWR activities at all levels are responsible for paying their own way. When outgoing costs exceed incoming revenues, the MWR activity is no longer viable and must be discontinued.

Standard costs that must be paid by the MWR activity include, but are not limited to: Cost of product, salaries, lease or rental agreement cost, in addition to the cost of utilities, whether metered or assigned on a pro-rata basis.

### **3.1 Amusement/Vending Machines:**

a. The term "amusement machine" does not include slot machines or other electronic device that enable players to receive monies. Slot machines or other type of machines that allow players to receive monies are not authorized under any circumstances in state or federal facilities or as a part of any state MWR supported activity.

b. The term "vending machine" includes those types of mechanical or electronic device that enables a user or player to receive a supply or service (except for monies) for the amount posted on the machine that allow the supply or service to be rendered. Soda machines, food machines, pool tables, and electronic games all fall into this category.

### **3.2 Reimbursable costs associated with doing business:**

a. Cost of utilities, i.e. electricity, natural gas, water & sewage are utilities that must be reimbursed, if the facility where the activity takes place is supported by appropriated dollars or by nonappropriated dollars other than MWR funds.

b. Exceptions to this requirement are as follows:

(1) The facility where the activity occurs is leased or rented and the costs of utilities are included in the lease rent agreement.

(2) The costs associated with the facility are paid by another party that has deferred the cost of utilities. For example, the Brigade/Regiment, MWR custodian may elect to pay all MWR supporting utility bills for soda machines located in subordinate unit armories or a bonafide unit club may assume the fiscal responsibility for all soda machines within areas that are supported with appropriated funds.

(3) TAG may direct that all or a portion of utility costs associated with MWR activities be deferred and be paid with APF's.

**3.3 Determination of Reimbursable Costs:**

1. Determination of costs may be calculated in any one of three ways:

- a. Actual costs (metered)
- b. Pro-rata share of joint use facility utility bills
- c. Calculation of amperage \* hours operated \* kilowatt hour rate

Examples:

a. Actual costs. At separately metered facilities where no other activities take place and only MWR activities are conducted, the full utility bill is the responsibility of the MWR activity.

b. Pro-rata. In shared facilities one possible method would be to take the total percentage of square footage for the facility that supports MWR  
28 October 1999 AZ NGR 20-2

activities and make the MWR activity responsible for that percentage of the utility bill for the utilities.

c. Calculation based on the device used. Based on manufacturer's data, establish the amount of electricity used per hour. Then multiply this by the hours the device was in use.

2. All reimbursable costs for utility usage will be paid at least annually.

**3.4 Energy conservation.** Vending machines that remain plugged in at all times consume energy at all times. The estimated average cost to operate a standard soda machine is \$672.00/per annum.

If these machines are only used during IDT and AT, they should be unplugged during times of low troop density. It is not economical to keep a soda machine operating 28 days a month to support a few full-time employees especially when refrigerators are provided at most locations to keep drinks cold.

The estimated cost for operating one soda machine for 30 days per month is \$56.00. This monthly amount can be reduced by \$1.87 per day if the machine is plugged in only prior to and during high activity periods.

#### **4.0 Unit Clubs** (AR 215-1, 8-17)

**4.1 Definition.** A unit club is an organization authorized by the Adjutant General and approved by the MWREC. Unit clubs are membership activities and include officers, warrant officers, non-commissioned officers, enlisted, as well as community and combined clubs.

#### **4.2 Mission:**

- a. To support soldier morale and readiness.
- b. To provide a healthy social environment.
- c. To support the Army goal of readiness and retention by providing an installation focal point for social activities and military events that foster unit camaraderie, esprit de corps, and cohesion.

#### **4.3 Membership** (AR215-1, Table 6-1):

a. Membership will be voluntary. Individuals will not be required to give reasons for declining or ending memberships. Membership is open to:

- (1) All active duty military personnel and their families.
- (2) All reserve component military personnel and their families.
- (3) Retired military personnel and their families.
- (4) Department of Defense employees and their families.
- (5) Department of the Army civilians and their families.
- (6) State employees within the department of military affairs and their families.
- (7) ROTC cadets while participating in training.
- (8) Leaders in the local community as designated by the activity commander (must be re-certified annually).
- (9) Medal of Honor recipients.
- (10) Other personnel as identified by the AAG-A.

b. Dues.

The assessment of dues is optional. However, when dues are charged:

(1) A separate membership dues structure for officers, NCO's and enlisted personnel may be established. Civilian members shall fall into the rate structure based on their civilian position or pay grade.

(2) If membership dues are charged, clubs must issue member cards and keep a list of cardholders updating the list annually.

(3) Dues are charged annually but may be paid monthly if the total annual fee exceeds \$36.00.

c. Reciprocal privileges. Members are afforded reciprocal privileges at all Army installations under the same condition as host club members.

(1) Reciprocity does not apply to host club special events.

(2) Reciprocity does not apply if a member of a club that does not charge dues enters a club where dues are charged.

(3) Membership cards are the primary means of identifying persons eligible for reciprocal privileges.

d. Use by non-members. Non-member use of the club is limited to:

(1) Guests of members. The member must be present and assumes full responsibility including payment for services and products received.

(2) Personnel in transient status or on TDY for less than 30 days.

(3) ROTC cadets when visiting an installation in an official status.

(4) Official installation guests.

(5) Attendees at private functions hosted by a member.

e. Check Cashing. Installation Commanders will specify which MWR activities may offer check-cashing services. Such services are offered only to MWR patrons.

f. Alcoholic Beverages.

(1) No person under 21 years of age will be employed to dispense, handle or serve alcoholic beverages.

(2) The minimum age for purchasing, drinking, or possessing alcoholic beverages, to include low-content alcoholic beverages in the State of Arizona, is 21 years of age. Civilians, including spouses, must meet the legal state drinking age.

(3) Locations where alcoholic beverages may not be consumed:

(a) Skill development facilities (such as arts and craft centers, woodworking, photo, auto, craft, shops, etc.).

(b) Child and youth services facility or function.

(c) Library.

(d) Basic combat training (BCT) and advanced individual training (AIT) barracks.

(e) Army aircraft, vessels, or other motorized vehicle.

g. Controls.

(1) Commanders will conduct programs to discourage irresponsible use of alcoholic beverages. Examples of Commander controls are requiring a Sergeant-at-Arms and limiting Club hours to the "8 hours between bottle and throttle" philosophy.

(2) All personnel who dispense and serve alcoholic beverages must be NAF employees and must be trained within 30 days of their employment date on subjects such as the effects of alcohol, how to identify intoxication, and what to do when a person becomes intoxicated. Annual refresher training is also required.

(3) Giving alcoholic beverages as prizes is prohibited.

(4) Serving more than one alcoholic drink at a time to a customer is prohibited.

(5) Serving an intoxicated customer is prohibited.

(6) Reduced pricing or providing unlimited alcoholic beverages for MWR promotional activities, such as "happy hour", is prohibited.

(7) Alcoholic beverages are not served to soldiers on duty. On duty status is determined by the soldier's commander. The Sergeant-at-Arms is considered to be on duty.

(8) Commanders should provide, particularly during holiday seasons, designated driver programs, dial-a-ride or other suitable programs to help reduce or eliminate alcohol-related incidents and to promote responsible behavior.

(9) Standard recipes are used for preparing all mixed drinks.

(10) A schedule of days and hours for dispensing alcoholic beverages is posted at the serving location. In setting scheduled hours, the Commander considers the local situation including the duty requirements and all authorized patrons.

(11) A sign, printed list or beverage menu showing the price of alcoholic beverages will be available at all serving locations.

(12) Only malt beverages (beer), wine, wine coolers, pre-mixed cocktails, and miniature liquor (2 ounces or less) maybe sold by the bottle.

(13) In house promotions or any other similar means of offering free or reduced priced alcoholic beverages to advertise or promote the sale of specific brands of alcoholic beverages is prohibited.

(14) Alcoholic beverages purchased outside of the club will not be brought into any facility where alcoholic beverages are sold by the drink.

(15) Bulk and packaged alcoholic beverage sales.

(a) Whether or not a unit Club may sell bulk or packaged alcoholic beverages shall be determined by the type of State liquor license under which the club operates.

(b) If sale of packaged or bulk alcoholic beverages is authorized, sales must be conducted IAW AR 215-1, Chapter 7.

#### **4.4 Administrative Procedures**

a. Each unit club will have an in depth Standard Operating Procedure (SOP) that provides the organization name, location and purpose. It will also address membership requirements, a dues schedule (if applicable), schedule of membership meetings, method of elections, responsibilities and tenure of the Board of Directors, conduct of business operations, actions to be taken upon mobilization and liquidation. This Club SOP should also include how routine operations are conducted, such as bartender training, handling of money, keeping of records, and other activities that are required IAW AR 215-1, paragraph 8-17. A copy of this SOP will be forwarded to the MWREC for approval. Any significant change, or any cumulative changes effecting more than 5 percent of the total document shall also require MWREC approval.

b. The club shall have a bona fide membership with regular meetings and the membership shall be actively engaged in carrying out the objectives of the club. Club officers (i.e., president, vice-president, etc.) should be listed and their responsibilities defined. The method of Board member selection shall be described in the by-laws and include length of tenure. Unit Club board members may not also be local Armory Board members.

c. A unit club that wishes to purchase and dispense alcoholic beverages will abide by the Arizona State Liquor Laws and Regulations.

1. Unit clubs will comply with the requirements of ARS 4-205, Paragraph C: "The holder of a club license (agreement) is authorized to sell

and serve alcoholic beverages for consumption only to bona fide members of the club and to serve and sell to member's bona fide guests".

2. Applications for liquor licenses (agreement) will be directed to The Adjutant General, State of Arizona.

3. No club of the Arizona National Guard will solicit outside participation.

4. Each club will display "Warning to Minors" poster in a prominent position behind club's bar.

5. Clubs serving alcoholic beverages will obtain a liquor liability insurance policy in the amount of at least \$1 million. The club will submit a copy of the certificate of such insurance to the MWREC annually.

6. Any person serving as a bartender in a club must have completed a liquor law training program certified by the Department of Liquor.

d. Tax exempt status should be obtained under Section 501(c) (7) of the Internal Revenue Code by filing a request with the Internal Revenue Service, Exempt Organizations, 300 North Los Angeles Street, Los Angeles, California 90012. An exemption letter copy should be included with the first audit report.

e. Loans from club funds are not authorized and will not be made.

f. Income tax returns should be filed with state and Internal Revenue Service within time requirements. The annual report to the State Corporation Commission will be filed in a timely manner if the club is incorporated.

g. Annual audits are required for:

(1) NAF's with annual revenues or expenses that exceed \$5 million dollars.

(2) NAF's with operations deemed highly sensitive due to the potential for fraud, waste, abuse, or public exposure.

(3) Evaluation of management controls, IAW AR 11-2 must be performed every five years.

(4) Frequency of audits and evaluations shall be established by the MWREC based on revenues and risk.

(5) At a minimum, clubs will produce a statement of financial position (balance sheet) and a statement of results of operations (income statement) for review by the Brigade/Regiment Commander, or his/her designated representative NLT 31 March every calendar year. These reports, along with

any management comments, will be forwarded to the MWREC NLT 30 April of the following CY.

(6) For those operations requiring an annual audit, the following information will be submitted to the MWREC (AZAA-MWR) within ninety days of the club's year end:

(a) Statements of financial condition, indicating assets and liabilities, as well as income and expenses.

(b) Auditor's Opinion. This will include appropriate statements as to operational efficiency, adequacy of cash controls and details of any liabilities. A statement regarding the accuracy of the list of all officers and members should also be provided.

(c) The audit will include a copy of the current certificate of insurance and liquor license if applicable.

(7) Clubs shall endeavor to keep sufficient funds on account to cover operating expenses for a period of one year.

#### **4.5 Minimum Requirements for Accounting Records.**

**4.5.1** Clubs will operate on a cash accounting basis. Any indebtedness deemed necessary for operational efficiency must be approved by the Club Board of Directors.

##### **4.5.2 Income Accounting Requirements.**

a. A daily sales register listing types of income received and daily total tied into cash register readings. Include the signature of the preparer.

b. A monthly summary of daily sales.

c. The daily sales register should provide for a record of the amount of monies deposited. This is also entered in the check register. Monies are to be deposited only in federally insured institutions and deposit receipts retained with bank statement or savings record.

d. Monies, which are to be deposited to savings accounts, should first be deposited in the regular manner to the checking account. A check is then written to the savings account. This provides an audit trail.

##### **4.5.3 Expense Accounting Requirements.**

a. Expenditures for food and drink or other services are to be made by check. Cash purchases should be kept to a minimum and only for small

amounts. In all cases a bill supporting the purchase must be obtained from the vendor or person providing services. A file of this supporting evidence must be maintained and each bill referenced as to check number and date of payment. If cash, so indicate. A check register is to be maintained and closed at the end of each month.

b. Bank statements must be reconciled against deposits and check register monthly. Any discrepancies must be immediately corrected.

#### **4.5.4 Accounting Forms**

a. Club officials should seek guidance from Comptroller personnel on full-time staff. No standard forms are prescribed; however, the accounting system selected must incorporate the minimum standards prescribed herein. club Board of Directors should assure that realistic files, and proper filing techniques are employed to accommodate the system selected.

b. No audit report form is prescribed. Public accountants understand accepted methods for disclosing financial condition and data.

#### **4.5.5 Maintenance of Records.**

All records must be kept current.

#### **4.5.6 Other Accounting Requirements**

a. Further financial control may be imposed by the club's Board of Directors.

b. The manner in which unserviceable or obsolete equipment is disposed of is to be determined by the club Board of Directors. If disposal method produces income, it must be recorded and handled as such.

#### **4.5.7 Records**

Financial records will be maintained by the club for three years after the annual report required in paragraph 3 g. above, and then disposed of.

#### **4.6 Responsibility of Commands**

a. Commanders will review club records at least annually and conduct unannounced operational inspections to determine if the club is complying with all the instructions of this regulation and the Club SOP.

c. Funds will be used for the benefit of the members and the unit. The constitution and by-laws of unit clubs may include provisions allowing disbursements for gifts, mementos and presentation to non-members of the unit.

#### **4.7 Liquidation**

a. Unit Clubs and funds will be liquidated upon:

1. Unit deactivation.
2. Vote of the membership.
3. Direction of the MWREC with concurrence of The Adjutant General.

b. Upon liquidation, cash and other assets will be distributed in accordance with club by-laws or articles of incorporation.

c. The MWREC and The Adjutant General will be notified immediately when a unit club will be liquidated for any reason.

#### **4.8 Sources of Income and Fiscal Responsibility.**

a. Membership dues, assessments, donations, interest on deposits, sales of club-owned equipment and profit (if any) on sales to members. All appropriate and necessary Federal, State, and local licenses and permits that are required to conduct various business and related activities shall be obtained. Resale activities are limited to:

(1) Meals prepared in a kitchen facility, snacks, such as sandwiches and pizzas, heating in a microwave oven; prepackaged snack items like chips, popcorn, and candy, tobacco products, beverages of all legally authorized types to be consumed on the premises only (non-alcoholic beverages will be made equally available wherever alcoholic or cereal malt beverages are served), and other items associated with a food and/or beverage sales operation.

(2) Items related to AZ NG unit morale and identity, such as plaques, cups and hats with ARNG unit emblems, mottos, etc.

(3) Clubs will not make bulk sales of beer, wine, or liquor, nor will they become involved in services or the sale of products not directly related to the purpose for which they were established.

(a) Other fund raising activities consistent with the club constitution and by-laws, such as vending machines.

(b) Clubs are responsible for their own liabilities. Appropriate insurance for the activity of the club is the responsibility of each club.

(c) Clubs may be authorized by the MWREC to establish their own operating accounts in a local banking institution. This is accomplished by a statement to this effect in the by-laws. Approval of by-laws with this inclusion constitutes authority to maintain an operating account.

(d) As a goal clubs should have sufficient funds to support operations and meet historical cyclical requirements for a period of one year.

**5.0 Transient Housing Activities:** See AR 215-1 & AR 210-50, 8-23.

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**APPENDIX A**

**REFERENCES**

- a. Arizona Revised Statutes 26-153
- b. AR215-1

**ADDITIONAL REFERENCES**

- a. AR 215-3 (guidance only)
- b. AR 215-4 (guidance only)
- c. AR 210-50, Housing Management
- d. AR 200-3, Natural Resources - Land, Forest and Wildlife Management
- e. AR420-47, Solid and Hazardous Waste Management
- f. ASNGR, Facility Operations 50-1
- g. DEMA Directive 600-12

**APPENDIX B**

Appropriated versus non-appropriated funds:

1. Appropriated funds (APF) are monies made available by the Congress of the United States. These funds are derived from tax dollars and are specifically ear marked to support the activity for which they were appropriated.

2. Non-appropriated funds (NAF) are cash and other assets received from sources other than Congressional appropriations. NAF's are government funds used for the collective benefit of those who generate them. These funds are separate and apart from funds that are recorded in the books of the Treasurer of the United States

**APPENDIX C**

**AUTHORIZED APF SUPPORT TO NAFs**

A. Indirect APF support. All MWR activities receive and are authorized indirect APF support. This support is generally in the form of installation wide services, such as health, safety, security, and grounds and facility maintenance and repair.

B. Common APF support. All MWR activities receive and are authorized common APF support. This support is not easily or readily identifiable to a specific MWR program. This support is generally in the form of consolidated functions such as central accounting, common warehousing, central procurement and central marketing. In all cases, NAF's are used judiciously and not as a matter of convenience.

C. Support Agreements. When a service is not authorized APF's, but the support element provides the service, the NAF reimburses the government for such service based upon a support agreement or it will independently contract for the service.

D. NAF's will not be used to pay costs in acquiring items or services authorized to be paid from APF's when APF's are available. However, NAF's may be used for APF expenditures when the appropriate official certifies in writing that authorized APF's cannot satisfy the requirement.

**APPENDIX D**

**Authorized Use of NAF's**

1. Awards.
  - a. Soldier or unit excellence in accomplishment.
  - b. Competition in intramural athletics.
2. Cash awards, savings bonds, trophies, and plaques for civilian or military excellence.
3. Awards honoring volunteers.
  - a. Momentos not to exceed \$200.00.
  - b. Incentive award program (for NAF employees).
  - c. Food and beverages for distinguished visitors, recognition ceremonies, MWR events open to the entire community.
4. Civilian employee award ceremony.
5. Ceremonies limited to MWR activity employees.
6. Personalized printed material for MWR employees.
7. Memberships for professional, civic or trade associations.
8. Unit funds when APF's are not available or authorized.
9. Limited term leasing of recreational facilities.
10. Reimbursement of volunteer incidental expenses.
11. Programs closely associated with MWR activities such as Army Community Services and Family Planning/Awareness programs.
12. Promotional items to market MWR activities.

**APPENDIX E**

**UNAUTHORIZED USE OF NAF's**

As a general rule NAF's will not be used for any purpose that cannot withstand the test of public scrutiny and common sense or which could be deemed a waste or misuse of soldiers dollars.

1. When APF's are available and authorized.
2. To support a private organization.
3. Distributions to charities.
4. Purchase of real property
5. Non-MWR functions, such as Change of Command, retirement ceremonies, scholarships or any other specific benefit for a select individual or group. Items for retirements, funerals, or events of a personal nature are not authorized.
6. Personal items.
7. Personal loans.
8. Payments to individual except IAW AR 215-3.
9. Contract payments except IAW AR215-4
10. Drug paraphernalia.
11. Dual funding, i.e., augmenting APF authorization.
12. Political lobbying.
13. Use as collateral.
14. Uniform items.
15. Interference with the training of an Arizona National Guard unit.
16. Activities considered subversive or not in support of the United States Government or the Armed Forces of the United States.
17. Activities which might expose the participants or the public to physical hazards.
18. Activities which involve the dispensing or sale of commercial items in competition with local merchants.