

PRIVATE ORGANIZATION GUIDE -- TABLE OF CONTENTS

	<u>PAGE</u>
A. DEFINITION/AUTHORITY	1
B. OVERSIGHT	2
C. INSTALLATION COMMANDER RESPONSIBILITIES	3
D. SERVICES COMMANDER/DIVISION CHIEF RESPONSIBILITIES	4
E. FINANCIAL MANAGEMENT	5
F. AUDIT REQUIREMENTS	7
G. OPERATING POLICIES	9
H. LOGISTICAL SUPPORT	11
I. DISSOLUTION	12
J. OPTIONAL COMPUTER SOFTWARE	13
K. ATTACHMENT 1	14
L. ATTACHMENT 2	16
M. ATTACHMENT 3	17
N. ATTACHMENT 4	19

DEFINITION/AUTHORITY

- **This booklet provides information and sample documents for organizations wanting to become officially recognized Private Organizations (POs) on Air Force installations**
- **POs are self-sustaining, special interest groups set up by people acting exclusively outside the scope of any official capacity as officers, employees, or agents of the federal government. POs are not Federal entities and are not to be treated as such**
- **They are not Nonappropriated Fund (NAF) instrumentalities, nor are they entitled to the sovereign immunities and privileges enjoyed by NAFIs or the Air Force**
- **They operate on Air Force installations with the written consent of the installation commander**
- **Unofficial activities/organizations are small groups of individuals which are not required to be formally established as POs because their current assets (including cash, investments, inventory, and receivables) do not exceed a monthly average of \$1,000 over a 3-month period**
- **AFI 34-223, *Private Organization Program*, is the governing policy for establishing POs and contains guidance on their operation. Compliance with this publication is mandatory**

OVERSIGHT

- **HQ USAF/ILV makes, issues, and monitors Air Force policy**
- **HQ AFSVA issues implementing procedures and guidance**
- **MAJCOMs and bases implement the policy and guidance**
- **Installation commanders authorize POs to operate on their installations**
 - **Provide oversight to ensure compliance with AF policy**
 - **Provide limited supervision**
 - **Ensure oversight of unofficial activities/organizations**
- **Services Commanders/Division Chiefs monitor installation POs and unofficial activities/organizations**

INSTALLATION COMMANDER RESPONSIBILITIES

- **Authorizes POs to operate on the installation**
 - **Only those which make a positive contribution in terms of morale and service**
- **Ensures compliance with AFI 34-223, *Private Organization (PO) Program***
 - **Does not control or dictate internal PO activities or structure**
 - **Ensures POs do not use any reference to DoD, the Air Force, the installation, the unit, or any of their programs or activities in the PO's letterhead or title**
- **Withdraws authorization to operate**
 - **When no longer making a positive contribution to the installation**
 - **For not complying with the requirements of AFI 34-223 or other applicable directives**
 - **For any other just cause**
- **Approves requests for fundraisers (may be delegated to Services Commander/Division Chief)**
- **Designates Services Commander/Division Chief to monitor and advise on PO and unofficial activity/organization activities**
- **These responsibilities may be delegated to the Support Group Commander**

SERVICES COMMANDER/DIVISION CHIEF RESPONSIBILITIES

- **Monitors POs and unofficial activities/organizations**
- **Advises PO officers**
- **Has Resource Management Flight Chief (RMFC) maintain a file on each PO and reviews annually. Ensures required documents are up to date (as required)**
- **As a minimum, files must contain:**
 - **Constitution and bylaws (example at Atch 1)**
 - **Revalidation letters showing dates of review**
 - **Financial statements/reviews, audit reports**
 - **Minutes of meetings**
 - **Proof of required insurance or appropriate waiver**
 - **Current list of officers and points of contact**
 - **Tax exempt approval from the IRS (if applicable)**
 - **Other documents required by MAJCOM and/or Installation Commander and approved waivers**
- **Reviews requests for fundraisers prior to forwarding to the Installation Commander for approval/disapproval (unless delegated)**
 - **Includes occasional fundraising raffles (see specific limitations in AFI 34-223, paragraph 10.16)**

**SERVICES COMMANDER/DIVISION CHIEF
RESPONSIBILITIES (CONT.)**

- **Ensures detailed procedures are established in bylaws to notify members of personal liability and for disposition of cash and assets upon dissolution of the PO**

FINANCIAL MANAGEMENT

- POs should ensure their goals and objectives are properly identified and their assets are properly controlled and programmed. Tools used in financial management budgets and financial statements are:
 - Budgets (example at Atch 2)
 - Are logical, detailed plans for operations that should occur, expressed in dollars for the year (may be broken out by month or quarter)
 - Reflect projected activities (income & expense) as well as capital purchase equipment/property
 - Establish financial objectives to generate sufficient income to cover planned expenses
 - Are comprehensive, realistic, and subject to revision
 - Consolidated budgets may be comprised of separate detailed income and expense projections
 - Comparing with actual financial statement is an excellent management performance indicator
- Financial Statements - Documents reflecting accounting for monetary events that have occurred
 - Balance Sheets - Account for total assets (e.g., cash, accounts receivable, property, etc.) and are statements of financial condition (assets versus liabilities and net worth) at a point in time (example at Atch 3)
 - Income and Expense Statements - Provide financial breakdown of revenue (e.g., dues, sales, fees, etc.) and expenditures (e.g., donations, publicity, awards, luncheons, etc.) for the period, usually monthly (example at Atch 4)

FINANCIAL MANAGEMENT (CONT.)

- **Cash Accounting** - Revenues are recorded when cash is received, expenses are recorded when paid
- **Accrual Accounting** - Revenues are recorded when earned, without regard to when cash is received; expenses are recorded as obligations are incurred, without regard to when they are paid
- **Size and complexity of statements varies significantly depending on total dollars generated and expended by the PO**

AUDIT REQUIREMENTS

- **Gross annual revenues more than \$5,000, but less than \$100,000**
 - **Submit annual financial statements to the Services Resource Management Flight Chief (RMFC) not later than 20 days following the end of the PO's fiscal year**
 - **Installation Commander may require more frequent submissions**

- **Gross annual revenues of \$100,000 or more, but less than \$250,000**
 - **Financial review performed by an accountant**
 - **Written verification of accounting information by competent authority knowledgeable in financial reporting methods**

 - **Paid with PO funds**

 - **Conducted annually**

- **Gross annual revenues of \$250,000 or more**
 - **Audit performed by a Certified Public Accountant (CPA)**
 - **CPA - An accountant who has met special requirements of a state and holds a CPA license. Use of a Certified Government Financial Manager is authorized in overseas locations when unavailability of a CPA is documented through the Services RMFC**

 - **An official examination and verification of financial accounts and records**

 - **Results in the expression of an opinion regarding financial statement presentation**

 - **Paid with PO funds and conducted annually**

AUDIT REQUIREMENTS (CONT.)

- **Internal control procedures established by POs can provide “checks and balances”**
 - **Areas normally reviewed: Adequate segregation of duties, proper procedures for authorizations, adequate documents and records, physical control over assets and records, and independent checks on performance**
- **Installation Commanders may request an audit by the Air Force Audit Agency to protect Air Force interests if there are signs of fraud or other improprieties**

OPERATING POLICIES

- **A PO must submit written constitution, by-laws and other similar documents, outlined in the PO Guide, through the Services RMFC, Services Squadron Commander/Division Chief, and Staff Judge Advocate for consideration by the installation commander. See AFI 34-223, paragraph 9 for specific requirements**

- **To prevent the appearance of an official sanction or support by the Department of Defense, a PO will not utilize the following in its title or letterhead:**
 - **The name or seal of the Department of Defense or acronym “DoD**

 - **The name, abbreviation, or seal of any military department or service**

 - **The name (material parts of the name) of any Air Force NAFI, e.g. Morale, Welfare, and Recreation (MWR) Fund or Lodging Fund**

 - **The seal, insignia, or other identifying device of an Air Force installation. PO names will not include the specific DoD designation such as “AFB,” “Field,” or unit designation. For example Randolph AFB Wives Club, 111 SPTG Booster Club, 222 FTW Top 3, or the like are not permissible, but Randolph Wives Club, Ramstein Booster Club, Fairchild Top 3, and the like are permissible**

 - **Any other name, abbreviation, seal, logo, insignia, or the like, used by DoD or any DoD component, it’s programs, locations, or activities**

- **POs must be self-sustaining, primarily through dues, contributions, service charges, fees, or special assessments of its members**

- **Income must not accrue to individual members except through wages and salaries for PO employees or other payment for services rendered**

- **Direct financial assistance may not be provided by nonappropriated funds (NAFs) e.g., contributions, dividends, or donations of money or other assets**

OPERATING POLICIES (CONT.)

- **POs and unofficial activities/organizations will not engage in activities that duplicate or compete with AAFES or Services activities**
- **POs will not engage in frequent or continuous resale activities or operate amusement or slot machines**
 - **The prohibition against frequent or continuous resale activities does not preclude collective purchasing and sharing of purchased items by members of the POs or unofficial activities/organizations so long as there is no actual resale**
 - **“Resale” is defined as the sales of items or services at a markup intended to generate cash in excess of that needed to pay expenses; cash generated from rounding up costs to a sales price to make a sales price more convenient to the customer does not constitute resale**
 - **Installation Commander may authorize continuous Thrift Shop sales operations**
 - **Installation Commander may authorize occasional sales for fundraising purposes (may delegate approval authority to the Services Commander/ Division Chief)**
 - **For example, bake sales, dances, carnivals, or similar functions**
 - **“Occasional” is defined as not more than two (2) fundraising events per calendar quarter**
- **POs are not authorized to sell alcoholic beverages**
- **POs will not solicit gifts or donations from non-members of the PO on the base**
- **POs may be the beneficiaries of gifts and donations**

OPERATING POLICIES (CONT.)

- **POs will not provide on-base advertising in exchange for gifts and donations (this does not preclude a PO from acknowledging a gift or donation by letter or during an on-base event or ceremony attended primarily by PO members)**
- **POs may not conduct games of chance, lotteries, raffles or other gambling-type activities except as provided in AFI 34-223, paragraph 10.16**
- **POs are required to have liability insurance unless waived by the Installation Commander (must coordinate with base Legal Office)**
 - **POs for which waivers have been granted may be required to obtain insurance for certain special events which involve greater risk of injury or damage**
 - **Forward all waiver requests through the base Legal Office prior to approval**
 - **Insurance waivers must be re-evaluated annually**
- **POs must notify Services Commander/Division Chief of key officer changes**
- **Liability**
 - **PO members must be aware that they are jointly and severally liable for obligations of the PO and their understanding of this liability must be documented**
- **Bonding**
 - **The treasurer is a sensitive function, especially if handling/controlling large amounts of cash, e.g., over \$5,000**
 - **Bonding is not required, but should be considered**

OPERATING POLICIES (CONT.)

- Consider cost of bonding versus potential dollar risk**
- PO must advise Services Commander/Division Chief of any signs of fraud or other improprieties**
- Tax Exempt Status**
 - Is the responsibility of PO to acquire if eligible and desired**
 - Federal information can be obtained from the Regional IRS Office**
 - State information can be obtained from the applicable State Taxing Authority**

LOGISTICAL SUPPORT

- **POs must furnish their own equipment, supplies, and other materials**
- **Neither NAFs nor appropriated funds will be used to support POs**
- **POs may be provided space for meetings of reasonable duration and frequency subject to the following:**
 - **POs must reimburse for services (to include utilities) when a PO on an other-than-occasional basis uses a facility or space in a facility unless a separate directive or instruction authorizes non-reimbursable support. Thrift Shops operated by Wives Clubs are exempted from this requirement to pay utilities**
 - **POs must reimburse for any additional costs incurred by the Air Force resulting from such use, e.g., incremental increases in maintenance and janitorial expenses**
- **Newly elected officers/treasurer should consult the Services RMFC or Services Commander/Division Chief for guidance and training on local base requirements and procedures**

DISSOLUTION

- **In case of dissolution, funds in the treasury will be used to satisfy any outstanding debts, liabilities, or obligations**
- **The balance of assets will be disposed of as determined by the membership**
 - **Must be included in the constitution or bylaws**
 - **Examples include donation of residual assets to the installation morale, welfare, and recreation fund or contribution to an off-base charity (disposition must not reflect unfavorably upon the PO or the Air Force)**
- **PO should notify the Services Commander/Division Chief prior to dissolution. Guidelines to consider prior to dissolution:**
 - **Prepare a time-phased plan of action to terminate operations. Revise budget if necessary**
 - **Limit expenditures to those required to liquidate liabilities or pay essential bills**
 - **PO assets will not be split among members or sold exclusively to members at dissolution. However, assets could be sold at a base-wide sale**
 - **Notify vendors of dissolution and cancel outstanding orders**
 - **For disposal of assets, use AFI 34-201, *Use of Nonappropriated Funds*, as a guide**
- **All records and documentation remain property of the PO**
- **Any unpaid obligations remain the responsibility of the PO members**

OPTIONAL COMPUTER SOFTWARE

- **Larger organizations may consider purchasing software which can perform accounting, print financial reports and checks, maintain cash balances, track reports, etc.**
 - **A variety of computer software programs that are user friendly and relatively inexpensive are available**
 - **Although not officially endorsed by the Air Force, many wives' clubs use "Quicken" (the list price is approximately \$40.00)**
 - **Consult your local computer retailer to determine which program best suits your needs. If additional help is required, consult the Services Commander/Division Chief**

ATTACHMENT 1
SAMPLE FORMAT

CONSTITUTION AND BYLAWS

Constitution
(Organization Title)

Article 1
Name and Purpose

(NOTE: The name, seal, insignia, or other identifying device of the Department of Defense or acronym 'DoD', a DoD component (military service), a NAFI, the local installation, local military unit, or any other name, abbreviation, seal, logo, insignia, or the like used by DoD or any DoD component, it's programs, locations or activities, will not be used in the POs title or letter head)

Article 2
General Provisions

(Include the following paragraphs as separate sections of Article 2 as appropriate)

Section

The (organization) operates on a military base only with the consent of the installation commander. Operation is contingent on compliance with the requirements and conditions of all applicable Air Force regulations.

Section

The membership (is) (is not) liable under the laws of (name of state or other jurisdiction in which the PO is organized) for organizational debts in the event the organization's assets are insufficient to discharge liabilities.

Article 3
Officers and Governing Body

Article 4
Membership or Patronage
(Include membership eligibility (should be primarily limited to members of the DoD community).)

Article 5
Method of Financing
(Include all proposed sources of income)

Article 6
Activities

Article 7
Meetings and Quorums

Article 8
Adoption and Amendments
(Include "subject to final review by the installation commander.")

Article 9
Dissolution
(Include the following paragraph as a separate section of Article 9)

Section

In case of dissolution of the organization, funds in the treasury at the time will be used to satisfy any outstanding debts, liabilities, or obligations. The balance of the assets will be disposed of as determined by the membership.

Article 10
Insurance
(Required)

SAMPLE BYLAWS

Article 1
Duties of Officers

Article 2
Election and Voting

Article 3
Dues and Fees

Article 4
Standing Committees

Article 5
Finances and Taxes

Article 6
Insurance Coverage

Article 7
Awards/Gifts

Attachment 2
Officers' Wives' Club
Proposed Budget
For the Month of September, 1998

Income

	Prior Year Actual	This Year Budget	Next Year Budget
Membership Dues	\$ 8,000	\$ 8,200	\$ 10,000
Savings Account interest	360	320	360
Ways & Means			
Art Auction	1,500	2,000	2,100
Bazaar	3,300	4,000	4,200
Christmas Ball	2,880	3,000	3,200
Luncheons/Dinners	2,400	2,880	3,000
Special Fund Raiser	13,000	13,000	13,000
Other	0	200	so
Thrift Shop	24,000	23,000	24,000
Tours	7,000	5,000	0
Misc.	20	50	50
Total Income & Receipts	\$62,460	\$61,650	\$59,960

Expenses

Ways & Means			
Art Auction	\$ 1,100	\$ 1,500	\$ 1,600
Bazaar	2,800	3,500	3,600
Christmas Ball	2,500	2,700	2,900
Luncheons/Dinners	2,000	2,300	2,400
Special Fund Raiser	4,000	3,200	4,000
Other	0	80	20
Thrift Shop	19,000	18,400	19,200
Tours	6,500	4,500	0
Protocol	200	240	250
Publicity	200	240	250
Donations			
Scholarships	10,000	10,000	11,000
Air Force Village	4,000	4,000	4,200
Base Youth Center	5,000	5,000	5,100
Community Charities	400	400	500
Awards	200	210	220
Treasurer	50	55	60
Recording Secretary	50	50	60
Miscellaneous	420	600	600
Total Expenses & Distributions	\$ 58,420	\$ 56,975	\$ 55,960
Net Income (Loss)	\$ 4,040	\$ 4,675	\$ 4,000

Attachment 3a
Officers' Wives' Club
 Statement of Cash Position
 For the Month of September, 1998
(Cash Basis)

	This Month Ending Balance	Last Month Ending Balance	This Month Increase/(Decrease)
<u>Assets</u>			
Cash	\$ 8,100	\$ 6,880	\$ 1,220
Checking	6,600	5,620	980
Savings			
<u>Total Assets</u>	\$ 14,700	\$ 12,500	\$ 2,200

Attachment 3b
Officers' Wives' Club
 Balance Sheet
 For the Month of September, 1998
(Accrual Basis)

	This Month Ending Balance	Last Month Ending Balance	This Month Increase/ (Decrease)
<u>Assets</u>			
Cash	8,100	6,880	1,220
Checking	6,600	5,620	980
Savings			
Accounts Receivable	50	150	(100)
Dues	400	0	400
Art Auction	200	900	(700)
Bazaar	0	0	0
Christmas Ball	200	200	0
Luncheons/Dinners	900	600	300
Special Fund Raiser	0	0	0
Prepaid Expenses	150	150	-
Total Assets	16,600	14,500	2,100
<u>Liabilities</u>			
Accounts Payable			
Art Auction	300	150	150
Bazaar	200	700	(500)
Christmas Ball	0	0	0
Luncheons/Dinners	220	200	20
Special Fund Raiser	180	450	(270)
Other	0	0	0
Prepaid Revenues	2,600	1,000	1,600
Total Liabilities	3,500	2,500	1,000
Fund Equity (Net Worth)	13,100	12,000	1,100
Total Liabilities & Fund Equity	16,600	14,500	2,100

Attachment 4a
Officers' Wives' Club
 Monthly Income and Expense Statement
 For the Month of September, 1998
(Cash Basis)

<u>Income</u>	This Month	This Year To-Date
Membership Dues	780	5,800
Savings Account Interest	30	240
Ways & Means		
Art Auction	1,700	1,700
Bazaar	700	3,900
Christmas Ball	0	0
Luncheons/Dinners	240	2,000
Special Fund Raiser	700	8,100
Other	90	200
Thrift Shop	2,000	17,800
Tours	1,600	2,600
Misc.	-	50
Total Income & Receipts	\$ 7,840	\$ 42,390
<u>Expenses</u>		
Ways & Means		
Art Auction	\$ 1,200	\$ 1,200
Bazaar	500	3,200
Christmas Ball	0	100
Luncheons/Dinners	180	1,600
Special Fund Raiser	620	2,700
Other	30	60
Thrift Shop	1,700	14,400
Tours	0	200
Protocol	20	120
Publicity	20	120
Donations		
Scholarships	0	10,000
Air Force Village	0	3,000
Base Youth Center	1,000	3,000
Community Charities	200	200
Awards	100	100
Treasurer	10	90
Recording Secretary	10	30
Miscellaneous	50	450
Total Expenses & Distributions	\$ 5,640	\$ 40,570
Net Income (Loss)	\$ 2,200	\$ 1,820

Attachment 4b
Officers' Wives' Club
 Monthly Income and Expense Statement
 For the Month of September, 1998
(Accrual Basis)

<u>Income</u>	This Month	This Year To-Date
Membership Dues	680	6,000
Savings Account Interest	30	240
Ways & Means		
Art Auction	2,100	2,100
Bazaar	0	4,100
Christmas Ball	0	0
Luncheons/Dinners	240	2,080
Special Fund Raiser	1,000	9,000
Other	90	200
Thrift Shop	2,000	17,800
Tours	0	0
Misc.	-	50
Total Income & Receipts	\$ 6,140	\$ 41,570
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<u>Expenses</u>		
Ways & Means		
Art Auction	\$ 1,350	\$ 1,500
Bazaar	0	3,400
Christmas Ball	0	100
Luncheons/Dinners	200	1,600
Special Fund Raiser	350	2,800
Other	30	60
Thrift Shop	1,700	14,400
Tours	0	200
Protocol	20	120
Publicity	20	120
Donations		
Scholarships	0	10,000
Air Force Village	0	3,000
Base Youth Center	1,000	3,000
Community Charities	200	200
Awards	100	100
Treasurer	10	90
Recording Secretary	10	30
Miscellaneous	50	450
Total Expenses & Distributions	\$ 5,040	\$ 41,170
<hr/>		
Net Income (Loss)	\$ 1,100	\$ 400