



UNITED STATES MARINE CORPS

MARINE CORPS BASE

QUANTICO, VIRGINIA 22134-5001

MCBO 7010.1

C 376/p

3 Oct 89

MARINE CORPS BASE ORDER 7010.1

From: Commanding General

To: Distribution List

Subj: ESTABLISHMENT AND OPERATION OF NONAPPROPRIATED FUND
INSTRUMENTALITIES AND PRIVATE ORGANIZATIONS

Ref: (a) MCO P1710.17C (NOTAL)
(b) NAVSO P3519 (NOTAL)
(c) MCO 5760.4B (NOTAL)
(d) DoD Dir. 1330.9 (NOTAL)

Encl: (1) Authorized MCCDC Nonappropriated Fund
Instrumentalities (NAFI) and Private Organizations
(2) Recertification Letter
(3) Sample Constitution and/or Bylaws
(4) Minimum Audit Procedures Required of Audit Boards
for Private Organizations
(5) Sample Financial Report Format
(6) Sample Report of Audit Format

1. Purpose. To publish instructions for the establishment and operation of nonappropriated fund instrumentalities (NAFI) and private organizations at this Command.

2. Cancellation. MCCDCO 7010.1A.

3. Information

a. The establishment and operation of NAFI'S, associations, and social organizations to supplement the Morale, Welfare and Recreation (MWR) program are authorized by references (a) and (b).

b. In recognition of the desirability of permitting such activities, the NAFI'S and private organizations listed in enclosure (1) have been authorized by the Commanding General.

4. Definitions

a. Nonappropriated Fund Instrumentalities (NAFI). NAFI is an instrumentality of the Federal Government authorized by competent authority and is derived from a source other than an appropriation by Congress. NAFI'S within the Department of the Navy (DON) have been classified into eight categories which are contained in paragraph 103.5 of reference (b).

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b. Private Organizations. A private organization is a generally self-sustaining, non-Federal instrumentality, incorporated or not, and constituted or established and operated on a Department of Defense (DoD) installation with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity, as officers, employees, or agents of the Federal Government.

(1) Type 1 - Federally Sanctioned Private Organizations. Type 1 private organizations are those which are recognized per specific DoD authority or by special authority granted at DoD component level.

(2) Type 2 - Affiliated Private Organizations. These are private organizations which operate on a DoD installation with the written approval of the installation commander. These may be local affiliations of chapters, lodges (fraternal or benevolent organizations), posts (veterans' organizations), or elements of national or state chartered organizations of the private sector. They engage in activities of special interest to a voluntary membership or group of participants.

(3) Type 3 - Independent Private Organizations. These are private organizations which are established, operated, and controlled locally by common interest groups, conducting specific activities that fulfill certain accepted needs or wants of some members of the DoD family, and have no formal connection or affiliation with an organization outside of the installation. These groups must also secure written permission from the installation commander.

c. Activity Head. An activity head is the president, OIC, director, and other personnel in charge of a NAFL.

d. Constitution and/or Bylaws. In general, the constitution and/or bylaws of an organization is the document which contains its own basic rules relating principally to itself as an organization. In the ordinary case, it is now the recommended practice that all of the rules be combined into a single instrument, usually called the "Bylaws," or the "Constitution and Bylaws," even when it is only one document.

5. Policy

a. Authorization to Establish Private Organizations. Marine Corps Combat Development Command (MCCDC) private organizations are only authorized to be established, by written approval by the Commanding General and subject to the requirements of reference (c). Private organizations will:

(1) Not engage in activities which duplicate, compete with, or conflict with authorized nonappropriated fund (NAF) activities.

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(2) Be self-sustaining and receive no support in any form from appropriated or nonappropriated funds except as provided in reference (c).

(3) Comply with all Federal and state laws governing comparable private sector activities.

(4) Not provide MWR services essential to the operation of the Navy or the Marine Corps.

(5) Not conduct programs and activities that prejudice or discredit the military services or other agencies of the U.S. Government.

(6) Authorization for Type 3 organizations will only be granted for 12 months. Type 3 organizations who wish to continue operations, must request recertification in writing, using the format contained in enclosure (2). Requests for recertification must be submitted annually during the anniversary month of the organization. If the anniversary month has not been established, requests for recertification will be submitted with the annual financial statement.

b. Compliance with this Order. The Commanding General has the authority to enforce compliance with the requirements contained in this Order, to inquire into their activities, and to withdraw consent for their establishment and operation.

c. Assumption of Assets and Obligations of a Private Organization. No activity head shall claim the assets, assume any obligation, or incur any obligation on behalf of any private organization except that arising out of contractual relationships.

d. Membership Discrimination. Private organizations which practice membership discrimination based on race, color, or national origin will not be authorized. This does not prohibit the establishment of cultural or ethnic private organizations, providing membership is not restricted or discriminatory on the above basis. Private organizations whose memberships are restricted on the basis of religion may be authorized provided that they meet the requirements in reference (c).

e. Insurance. If appropriate, adequate insurance will be purchased to provide funds to liquidate claims arising from personal injury or property damage resulting from activities of the organization or one or more of its members. Proof of insurance must be presented prior to granting authorization to establish a private organization. Since there is no direct, vested interest of the Federal Government or any of its instrumentalities in the assets of a private organization, the financial protection of organizational assets by insurance such as bonding or fire insurance is the responsibility of each private organization.

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f. Employment Discrimination. No NAF activity head or private organization will permit or practice discrimination in employment based on race, color, marital status, age, creed, national origin, lawful political affiliation, labor organization membership, physical handicap, or sex. Applicable laws with respect to labor standards for employment will be observed.

g. Informal Funds. The operation of small informal funds; i.e., office coffee funds, flower funds, and similar small informal activities and funds may be established and operated as determined by the installation commander. Small informal funds are defined as any fund whose income is less than \$200 per month; i.e., office coffee messes or plaque funds. Any activity generating income in excess of this amount needs specific authorization from the Commanding General to operate aboard the command and must comply with all provisions of this Order. Coffee messes are not authorized to engage in the resale of food or other merchandise.

h. Prohibitions

(1) Direct financial assistance to a private organization from a NAF in any form is prohibited.

(2) The sale of alcoholic beverages, including beer and ale, is prohibited unless specifically approved by the CMC. One time exceptions may be approved by the Commanding General.

(3) The sale of merchandise, goods, or services or the pursuit of any activity that duplicates, conflicts, or competes with the business of the Marine Corps Exchange or other **NAF's** is prohibited except that private organizations may engage in thrift shop sales of used clothing and merchandise or occasional sales for fund raising purposes. Only that merchandise listed in reference (d) will be offered during occasional sales, and in no case will occasional sales be on a continuing or frequent basis. Exceptions to the foregoing restrictions on occasional sales may be granted by the Commanding General provided that the Marine Corps Exchange or another NAFI cannot be responsive to the particular resale requirement: merchandise is sold only to members and the resale requirement is directly related to the purpose and function of the private organization.

(4) Private organizations that conduct activities which prejudice or discredit the military services or any other agency of the Federal Government are prohibited.

6. Requests for Establishment. All requests for authorization to establish and operate a private organization will be submitted in writing to the Commanding General (C 37) and will contain a copy of the constitution and/or bylaws in the format depicted in enclosure (3), which will at a minimum contain:

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- a. The name of the organization, which will not include the name of this Command unless authorized by CMC per reference (c).
- b. The objectives of the organization.
- c. The criteria for membership, which will:
 - (1) Not discriminate on the basis of race, color, or national origin.
 - (2) Include a statement that membership eligibility is primarily for military personnel to include retired members and those of reserve components and dependents of the foregoing.
 - (3) Limit civilian personnel membership (excluding dependents of active duty, reserve, and retired military personnel) to not more than one-third of the total membership enrollment and who must reside in the vicinity of this installation. This requirement does not apply to labor unions, Marine Corps Federal Credit Union, Sovran Bank, the American Red Cross, and the Navy Relief Society.
 - (4) Procedures required to establish membership and method used to purge the rolls of inactive members.
- d. Procedures for the election and relief of officers.
 - (1) The sole criteria for voting will be membership.
 - (2) A simple majority of the membership present will be required for a quorum for regular meetings.
 - (3) All board members and officers must be elected by direct vote of the membership.
 - (4) Unexpected vacancies may be filled by the board for a period not to exceed six months.
- e. Frequency of regular meetings.
- f. Procedures for establishment and operation of the Executive Board.
- g. Minimum guidelines for parliamentary authority and/or rules.
- h. Procedures to amend the constitution and/or bylaws which will require a minimum of a two-thirds vote of the total membership.
- i. Procedures for dissolution to include:
 - (1) A method for reaching a decision to dissolve.

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(2) The disposition of assets.

(3) A statement that members could be held liable if assets are insufficient to meet all debts.

7. Additional Reouirements. Within 30 days of the initial meeting to elect officers, the Executive Board will submit to the Commanding General (C 37) the following information:

a. New organizations will submit an estimate of membership stating the number of military personnel, including active duty, reserve, and retired personnel and dependents of the foregoing, and the number of civilians, excluding dependents of military personnel. Established organizations will submit a membership listing in the same format as the new organizations following their annual meeting.

b. A statement of understanding that the organization must be a fully self-sustaining operation.

c. Any proposed affiliation with state or national organizations.

d. The names, addresses, and work and home telephone numbers of all incumbent officers.

e. The name of the individual who is designated by the members as the sponsor and who will be responsible to the Commanding General for monitoring the activities of each organization and ensuring that all regulations are complied with.

f. A copy of the minutes and a statement of understanding that a copy of the minutes of future meetings of all general and executive board meetings will be forwarded to the commanding General (C 37).

g. Designation of the officer (by title) accountable for assets.

h. Procedures to comply with audits required by this Order.

8. Financial Reouirements

a. Ascertain tax liabilities and comply with all of the applicable state and Federal laws including the submission of returns and reports.

b. Maintain financial accounts and records or a bookkeeping system or both per generally accepted accounting and business practices. These accounts and records will be retained at least four years.

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c. The president or executive board of each organization will appoint or the membership will elect an audit board which will be responsible for conducting a minimum annual audit as of 30 September each year (if required) per the procedures outlined in enclosure (4). The professional services of a public or certified public accountant may be required for certain organizations, the cost of which is borne by the organization.

d. All **NAFI's** and private organizations will provide the Commanding General (C 37) and (C 184) with a copy of the annual 30 September financial statements in the format depicted in enclosure (5) which will be signed by the treasurer as "submitted" and by the president as "**approved.**" It will also be signed by the audit board as "**accounts** audited and found to be **correct**" unless a separate report of an audit is deemed necessary or required, in which event the separate report may be prepared in the format depicted in enclosure (6).

e. The Marine Corps Nonappropriated Fund Audit Service is not responsible for auditing private organizations.

9. Action

a. Activity heads of nonappropriated funds listed in enclosure (1) will comply with the instructions contained in reference (d), other directives, and the instructions contained herein.

b. All private organizations authorized to operate aboard this Command will comply with the instructions contained herein.

c. All Type 3 organizations authorized to operate aboard this Command will request annual recertification in the format contained in enclosure (2).



GAIL M. REALS

Deputy Commander for Support

DISTRIBUTION: A

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AUTHORIZED MCCDC NONAPPROPRIATED FUND INSTRUMENTALITIES (NAFI)
AND PRIVATE ORGANIZATIONS

TYPE I

American Red Cross
MCB Credit Union
Marine Corps Association
Navy Relief Society

TYPE II

American Society of **Military** Comptrollers
Armed Forces Communication Electronics Association
Dumfries, Triangle, Quantico Little League (Babe Ruth League)
** Boy Scout Troop 121
*** Boy Scout Troop 176
** Cub Scout Pack 176
Girl Scouts
U.S. Field Artillery Association, Leatherneck Chapter
Women Marines Association
National Naval Officers Association

TYPE III

Camp Barrett Running Club
Chopawamsic Toastmasters
Enlisted Wives Club
Friends of the Library
* Latin American Club
Quantico Shooting Club
Military Bass Anglers Association
Officers Wives Club
Quantico Ladies Golf Association
Quantico Men's Golf Association
Quantico Riding Club
* Quantico Sky Divers Club
Quantico Wrestling Club
** Quantico Yacht Club
** Rosalind Rhymer Preschool
SNCO Wives Club
** Thrift Shop
Youth Soccer League
Youth Bowling League
Youth Basketball League
Youth Baseball
Officer Wives Garden Club
Quantico Instrumental Music Boosters Organization
National Sojourners
Woodbridge Radio Control Club, Inc.

ENCLOSURE (1)

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Quantico Dependents Swim Team
OCS Officers' Fund

NAFI

Civilian Welfare and Recreation Association
Interservice Rifle Fund
Quantico Flying Club
Religious Offerings Fund
Rod and Gun Club

MWR RECREATION BRANCH

** Teen Club

- * Denotes inactive organizations
- ** Has sole use of a facility
- *** Has designated sole use but another private organization uses the building

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RECERTIFICATION LETTER

7010
(originator's code)
(date)

From: (originator)
To: Commanding General, Marine Corps Combat Development
Command (C 37)
Subj: REQUEST FOR RECERTIFICATION OF _____
Ref: (a) MCCDCO 7010.1A
Encl: (1) Listing of officers

1. Per the provisions contained in the reference, I certify this organization is active, in compliance with current regulations and there are no changes to our constitution and bylaws that have not previously been reported.
2. Accordingly, it is requested that this organization be recertified.

(signature)

ENCLOSURE (2)

SAMPLE CONSTITUTION AND/OR BYLAWS

BYLAWS
OF THE _____
OF _____

ARTICLE I.

Name

* The name of this organization shall be _____.

ARTICLE II.

Objective

* The objective of this organization shall be to _____; to _____; and to _____; etc.

ARTICLE III.

Members

Section 1. The membership of this organization shall be limited to /or shall be open to; etc.

* Section 2. **Any** _____ shall be eligible for membership. (Civilian membership may not be extended beyond the general vicinity of Quantico, VA.)

Section 3. The initiation fee shall be _____ dollars, and/or the annual dues shall be _____ dollars, payable in advance on or before _____ of each year. The Treasurer shall notify members _____ months in arrears, and those whose dues are not paid within _____ thereafter shall be automatically dropped from membership in the organization.

Section 4. Any member desiring to resign shall submit their resignation in writing to the Corresponding Secretary, who shall present it to the Executive Board for action. No member's resignation shall be accepted until the member's dues are paid.

ARTICLE IV.

Officers

* Section 1. The officers of the organization shall be a President, a First Vice-President, a Secretary, a Treasurer, and

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Directors (minimum). These officers shall perform the duties prescribed by these bylaws and by the parliamentary authority adopted by the organization.

Section 2. At the regular meeting held on the _____ (day) in _____ (month), a Nominating Committee of _____ members shall be elected by the organization. It shall be the duty of this committee to nominate candidates for the offices to be filled at the annual meeting in _____. The Nominating Committee shall report at the regular meeting in _____. Before the election at the annual meeting in _____, additional nominations from the floor shall be permitted.

* Section 3. The officers shall be elected by the membership to serve for one year or until their successors are elected, and their term of office shall begin at the close of the annual meeting at which they are elected.

* Section 4. No member shall hold more than one office at a time, and no member shall be eligible to serve more than two consecutive terms in the same office.

ARTICLE V.

Meetings

* Section 1. The regular meetings shall be held on the _____ (day) of each month/quarter unless otherwise ordered by the organization or by the Executive Board.

* Section 2. The regular meeting on the _____ (day) in _____ (month) shall be known as the annual meeting and shall be for the purpose of electing officers, receiving reports of officers and committees, and for any other business that may arise.

* Section 3. Special meetings can be called by the President or by the Executive Board and shall be called upon by the written request of 10 members of the organization. The purpose of the meeting shall be stated in the call. Except in cases of an emergency, at least three days' notice shall be given.

* Section 4. _____ membership of the organization shall constitute a quorum.

ARTICLE VI.

The Executive Board

* Section 1. The officers of the organization, including the Directors, shall constitute the Executive Board.

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* Section 2. The Executive Board shall have general supervision of affairs between its business meetings, fix the hour and place of meetings, make recommendations to the organization, and shall perform such other duties as are specified in these bylaws. The Board shall be subject to the orders of the organization, and none of its acts shall conflict with action taken by the organization.

* Section 3. Unless otherwise ordered by the Board, regular meetings of the Executive Board shall be held on the _____(day) of _____(month). Special meetings of the Board can be called by the President and shall be called by the President and shall be called upon by the written request of three members of the Board.

ARTICLE VII.

Committees

Section 1. A _____ Committee composed of the (officer) and _____ other members shall be appointed by the President promptly after each annual meeting. It shall be the duty of this committee to prepare _____a for the fiscal year beginning the first day of _____, and to submit it to the organization at its regular meeting in _____. The _____ Committee can from time to time submit a supplement to _____the for the current fiscal year.

Section 2. Such other committees, standing or special, shall be appointed by the President or the Executive Board shall from time to time deem necessary to carry on the work of the organization. The President shall be ex officio as a member of all committees except the Nominating Committee.

ARTICLE VIII.

Parliamentary Authority

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the organization in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order the organization may adopt.

ARTICLE IX.

Amendment of Bylaws

* These bylaws can be amended at any regular meeting of the Society by a two-thirds vote of the total membership, provided that

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the amendment has been submitted in writing at the previous regular meeting.

* Mandatory

ENCLOSURE (3)

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MINIMUM AUDIT PROCEDURES REQUIRED OF AUDIT BOARDS
FOR PRIVATE ORGANIZATIONS

1. An examination of the accounts and records will be conducted by each audit board. As a minimum requirement, each audit board will:

- a. Count cash on hand.
 - b. Reconcile the latest bank statement to the cash account and request a current statement from the bank if necessary.
 - c. Audit Checkbook. Examine cancelled check for payees' endorsements and dates; compare with check stubs; trace checks to expense record; and age outstanding checks.
 - d. Audit Cash Income Record. Examine receipts or documentation of cash received and add increases and decreases.
 - e. Audit Expense Record. Add and classify various expense items; trace business papers (vendors' bills, invoices, register receipts, etc.); and verify support for entries to the expense records.
 - f. Using the data developed in the above procedures, reconcile cash receipts and disbursements.
 - g. Conduct a physical inventory, if applicable, and compare its aggregate value with the amount of inventory or property on charge per records.
 - h. Age accounts payable and accounts receivable, if applicable.
 - i. Examine evidence of insurance for current status and amounts and kinds of coverage for adequacy.
 - j. Determine tax status, and if applicable, check for compliance with state and Federal laws.
 - k. Verify the accuracy of financial statements from the general books presented for audit, or prepare a financial report.
1. Submit a report of audit to the president and furnish a copy to the treasurer. Unless conditions or circumstances warrant the submission of a separate detailed report, this may be accomplished by signing the typed notation "ACCOUNTS AUDITED AND FOUND TO BE CORRECT" on the balance sheet of the financial report. A copy of the audit report, regardless of form, will be furnished to the Director, Morale, Welfare and Recreation Division.

SAMPLE FINANCIAL REPORT FORMAT

(HEADING)

BALANCE SHEET

(date)

ASSETS

Cash:

Petty Cash Fund
Cash on Hand

\$ _____

Cash in Bank, General Account

Accounts Receivable

Merchandise Inventory

Total Assets

\$ _____

LIABILITIES AND CAPITAL

Accounts Payable

\$ _____

Taxes Payable

Capital:

Operating Capital, _____ (date) \$ _____

Increase/Decrease per attached
Schedule \$ _____

Operating Capital, _____ (date)

Total Liabilities and Capital \$ _____

Value of Property

\$ _____

Submitted: _____ Approved: _____

ENCLOSURE (5)

SAMPLE REPORT OF AUDIT FORMAT

_____ (date)

From: Senior Member, Audit Board
To: President, _____ (name of fund)

Subj: AUDIT OF THE _____ (NAME OF FUND)

Ref: (a) Appointment/Election as Noted in the Minutes of
the Meeting of _____ (date)

Encl: (1) Copy of Financial Report dated _____

1. Per the reference, an audit has been conducted of the accounts and records of the subject fund by this Audit Board for the period _____ (date) to and including _____ (date).

2. (This paragraph should state briefly what was done.) Example:

The audit was conducted per the procedures outlined in enclosure (2) to the reference, and included those tests of general books that we considered necessary in the circumstances. Our examination indicated that the accounting system and related financial operations were accurate, reliable, and per the constitution and bylaws of the subject fund. We audited the enclosure and find that it accurately portrays the financial condition and the results of operation for the dates indicated.

3. (This paragraph should state the details which necessitate this separate report.) Example:

The exceptions to paragraph 2 above are stated in the following discrepancies:

a. The fund's constitution and bylaws require that the president countersign all checks. The stipulation was not complied with in that the treasurer was the only person signing the checks issued during the audit period.

b. (Subsequent subparagraphs may be used as required.)

4. (This paragraph may be used to comment on pertinent information not included elsewhere in the report.)

_____ (senior member)

copy to :
Treasurer
Dir, MWR

ENCLOSURE (6)