



DEPARTMENT OF THE NAVY  
COMMANDER, NAVY INSTALLATIONS COMMAND  
2713 MITSCHER ROAD SW  
ANACOSTIA ANNEX, DC 20373-5802

12990  
Ser CNIC/3789  
02 OCT 2007

From: Commander, Navy Installations Command

Subj: CIVILIAN MORALE, WELFARE AND RECREATION (CMWR) ACTIVITY  
ANNUAL REPORTING REQUIREMENTS FOR END OF YEAR FY-07

Ref: (a) BUPERSINST 12990.1A  
(b) CNI ltr 12990 Ser CNI/173 of 3 Jun 05  
(c) CNI ltr 12990 of 2 Sep 05

Encl: (1) CMWR Activity Annual Reporting Requirements Checklist  
(2) CMWR Activity Financial Statement  
(3) CMWR Annual Assessment and Liability/Bonding Insurance Requirements and Calculations  
(4) CMWR Activity Annual Vending Report - Sample Letter

1. Per reference (a) commands operating CMWR activities are required to annually submit certified CMWR activity financial statements, payment of CMWR activity annual assessments, liability/bonding insurance payments, and annual vending income reports to Commander, Navy Installations Command (CNIC). Per references (b) and (c), Regional Commanders were tasked with responsibility to receive all required reports and payments from CMWR activities within their respective regions and forward to CNIC (N92C1) for processing.

2. For those individual CMWR activities that have previously submitted payments via RAMCAS or AIMS/SAP, request payment checks be included with submission of this year's annual report. This procedure will continue until all CMWR activities have been fully integrated into the AIMS/SAP (MWR accounting system). Since some regions have not yet completed full regionalization into AIMS/SAP, please make checks payable to: Commander, Navy Installations Command. Once all regions have fully regionalized, our goal is to have all annual insurance, bonding, and assessment payments automated through AIMS/SAP.

3. Use enclosure (1) to ensure all required reports and payments are properly submitted to the following address by **30 November 2007**:

COMMANDER NAVY INSTALLATIONS COMMAND  
MILLINGTON (N92C1)  
5720 INTEGRITY DRIVE  
MILLINGTON, TN 38055-6550

4. The CMWR Activity Financial Statement can be downloaded by visiting the CMWR website listed in enclosure (2). Enclosure (3) provides the annual assessment and liability/bonding

**Subj: CIVILIAN MORALE, WELFARE AND RECREATION (CMWR) ACTIVITY  
ANNUAL REPORTING REQUIREMENTS FOR END OF YEAR FY-07**

insurance requirements and calculations. Enclosure (4) is a sample letter for the CMWR activity annual vending report. If the CMWR activity has elected to purchase commercial insurance coverage rather than participate in Navy MWR's Self-Insurance Program, a copy of the commercial insurance policy must be included with report submission. Annual report information is available by visiting the CMWR website at:

<http://www.mwr.navy.mil/mwrprgms/civilian.htm>.

5. Should you have questions or need assistance in completing the reporting requirements, please contact Mr. John Shaw, CMWR Activities Program Manager, (N92C1) at (901) 874-6627, DSN 882-6627, or [john.shaw1@navymil](mailto:john.shaw1@navymil).



**T.R. MCFADDEN**

By directions

**Distribution:**

**Regional Commands w/cognizance over CMWR Activities  
Commanding Officers Administering CMWR Activities  
Civilian MWR Activities**

## **CIVILIAN MWR ACTIVITY ANNUAL REPORTING REQUIREMENTS CHECKLIST**

**Please remember to include the following with your response:**

- CMWR Fund Financial Statement reviewed by CPA, IG or Command Evaluation and signed by activity Commanding Officer
  
- CMWR Activity Annual Vending Report
  
- CMWR Activity Annual Assessment Check
  
- CMWR Liability and Bonding Insurance Policy (if commercial insurance is purchased). Minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. -- or --
  
- CMWR Liability and Bonding Insurance Payment (if elected to participate in Navy MWR's Self-Insurance Program)
  
- If paying by single check, an itemization of assessment, liability, and bonding payments.

**If you have any questions, please contact Mr. John Shaw,  
CMWR Activities Program Manager  
at 901-874-6627, DSN 882-6627, or john.shaw1@navy.mil.**

CIVILIAN MWR ACTIVITY FINANCIAL STATEMENT REQUIREMENTS

For EOY FY-07

A Financial Statement is to be submitted for each Civilian MWR activity (for both Categories II and IV). Financial statement must be audited by command evaluation, IG, or CPA, and certified by the activity's Commanding Officer. Consistent with paragraph 3-6 of reference BUPERSINST 12990.1A, Civilian MWR activities with annual gross revenues greater than \$250,000 require an independent audit by a licensed certified public accountant (CPA) at nonappropriated fund (NAF) expense or by appropriated fund (APF) personnel on a reimbursable basis.

To obtain copy of a CMWR Financial Statement, visit our website at: <http://www.mwr.navy.mil/mwrprgms/policy/cmwrfinance.xls>

ANNUAL ASSESSMENT, LIABILITY, BONDING REQUIREMENTS  
and  
PAYMENT CALCULATION

1. Annual Assessment. CMWR activities are to submit an annual assessment based upon total revenues generated by the CMWR activity during the fiscal year being reported. CMWR activities with less than \$25,000 in annual revenues are exempt from the annual assessment. Based on the amount entered on line 16 (Cash Receipts) of the Financial Statement, annual assessments of CMWR activities are as follows:

<u>TOTAL CASH/REVENUE RANGE</u>	<u>TOTAL ASSESSMENT</u>
\$ 0 - 25,000	\$ 0
\$25,001 - 70,000	\$225
\$70,001 - 85,000	\$275
\$85,001 - 100,000 and over	\$325

2. Property and Liability Insurance. In accordance with DOD Regulation 7000.14-R Vol.13 and CNICINST 5890.1, CMWR activities must maintain property and liability insurance coverage and personnel responsible for the custody of non-appropriated funds must be bonded. At a minimum, CMWR activities shall purchase coverage for NAF-purchased furniture, fixtures, and equipment (as recorded on NAF control records), merchandise inventory, NAF-purchased vehicles, and its non-appropriated funds and securities. CMWR activities may obtain insurance coverage through a commercial insurance company or through Navy MWR's Self-Insurance Program. If the CMWR activity has elected to purchase commercial insurance coverage rather than participate in Navy MWR's Self-Insurance Program, a copy of the commercial insurance policy must be submitted along with the annual report package. Note that the minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. Historically, insurance purchased through the Navy MWR's Self-Insurance Program is less expensive than purchased from a commercial underwriter.

3. Calculating property and liability payment. To establish the cost for NAFI property and liability insurance coverage, the CMWR activity must determine the current (depreciated) value of NAF-purchased furniture, fixtures, equipment, and vehicles, and add that figure to the actual value of merchandise/stock inventory currently on-hand.

4. Calculating bonding coverage and payment. To determine the amount of bonding insurance, identify the titles of the CMWR activity staff, the number of positions to be covered, and the total amount of bonding sought for each position. The number of CMWR personnel bonded and to what level each is bonded is a local decision. CMWR activities are only covered for the amount of bonding insurance purchased and losses greater than that amount must be absorbed by the activity. Therefore, careful consideration should be given to the amount of bonding insurance required by the CMWR activity.

5. Total Activity cost for coverage. Once the property values and bonding insurance requirements have been determined, add those amounts together. The result represents a total all of the CMWR activity's insurable assets. Identify the appropriate asset range below and use the corresponding multiplier to determine the CMWR activity's cost for obtaining coverage through the Navy MWR's Self-Insurance Program:

a. 0.75 percent of value of covered assets and revenue for activities equal to or greater than \$1,000,000.

b. 1 percent of value of covered assets and revenues for activities between \$100,000 and \$999,999.

c. 1.25 percent of value of covered assets and revenues for activities less than \$100,000.

6. Example. The following example is provided to assist you in calculating your CMWR activity's annual assessment and insurance/bonding payments for this fiscal year:

- Total cash receipts = \$92,000 (Fund Financial Statement-Line 16)
- Depreciated NAF property (office equipment) = \$2,000
- Current stock inventory = \$2,400
- Bonding insurance for two persons who have access to no more than \$5,000 at any time.

a. To determine the correct amount for liability and bonding insurance, add together your total cash receipts, the total value of your property and inventory, and the amount of bonding you have determined. In this case, it totals to \$106,400. Now multiply \$106,400 by the corresponding multiplier (determined from the appropriate asset range in paragraph 5 above), which in this case is 1 percent, to determine the amount you owe for insurance ( $\$106,400 \times 1\% = \$1,064$  - amount owed

would be \$1,064). See paragraph 6c below for further breakdown of this example.

b. To determine the assessment payment due for your activity, take the total cash receipts (Line 16 of the Financial Statement) for the activity (\$92,000) and find the appropriate asset range on the chart in paragraph 1 above to determine the amount of assessment owed. Since \$92,000 fits into the \$85,001 or greater range, the amount of assessment due is \$325.00. To determine the total amount due, add your insurance and assessment together, in this case it equals \$1,389.00.

c. Example Breakdown:

Total Cash Receipts (Line 16)	\$92,000
Total NAF property (includes equipment/stock inventory)	4,400
Bonding (2 people @ \$5,000)	+ 10,000
Total Insurable Assets	= \$106,400
Multiplier (1%) (\$106,400 x 1%) (equals insurance premium)	= \$1,064.00
Plus assessment	+ 325.00
Total Due (Assessment & Insurance)	\$1,389.00

7. Payment. If total payment is submitted with one check, please include a breakdown of the assessment and liability insurance/bonding coverage payments (i.e., \$325.00 for assessment and \$1064.00 for liability insurance/bonding).

**CMWR ACTIVITY ANNUAL VENDING REPORT  
SAMPLE LETTER**

OPNAVINST 4535.1A requires all Navy CMWR activities receiving vending machine income to submit a year-end fiscal report. This annual report is required whether or not vending machine income is required to be shared with the State Licensing Agency for the Blind. All military Services must report this information annually to the Office of the Assistant Secretary of Defense. The following CMWR Activity Annual Vending Report is provided for your use. This document is also available for download by visiting [www.mwr.navy.mil/mwrprgms/civilian.htm](http://www.mwr.navy.mil/mwrprgms/civilian.htm).

VENDING FACILITY PROGRAM FOR THE BLIND ON FEDERAL PROPERTY  
ANNUAL VENDING SUMMARY  
--SAMPLE LETTER PART 1--

12990  
Code or Serial  
Date

From: Commanding Officer  
To: Commander, Navy Installations Command  
Via: Regional Commander

Subj: VENDING FACILITY PROGRAM FOR THE BLIND ON FEDERAL  
PROPERTY

Ref: (a) OPNAVINST 4535.1A

1. Per reference (a), the following information is submitted  
for the period of 1 October 2006 through 30 September 2007.

Fiscal Year: \_\_\_\_\_

Name of Civilian MWR Activity: \_\_\_\_\_

Name of Installation: \_\_\_\_\_

Person Responsible for Report: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: Commercial/DSN \_\_\_\_\_

E-Mail: \_\_\_\_\_

**Current Blind-Operated Vending Facilities/Machines**

<b>Number of vending facilities currently operated by the blind</b>	<b>Number of associated vending machines</b>	<b>Number of vending facilities disestablished this fiscal year</b>	<b>Reason for disestablishment</b>

**STATE LICENSING AGENCY APPLICATIONS  
FOR ESTABLISHMENT OF VENDING FACILITIES ON FEDERAL PROPERTY  
--SAMPLE LETTER PART 2--**

State	Applications from State Licensing Agency				
	Number Pending from Prior FY	Received During Current FY	Number Accepted <sup>1</sup>	Number Denied <sup>2</sup>	Number Pending End of Current FY

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

Building Name	Installation	City	State

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

Building Name	Installation	City	State	Reason for Denial

**STATE LICENSING AGENCY APPLICATIONS FOR ESTABLISHMENT OF  
CAFETERIAS AND OTHER CONTRACTS ON FEDERAL PROPERTY  
--SAMPLE LETTER PART 3--**

State	Applications from State Licensing Agency				
	Number Pending from Prior FY	Received During Current FY	Number Accepted <sup>1</sup>	Number Denied <sup>2</sup>	Number Pending End of Current FY

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

Building Name	Installation	City	State

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

Building Name	Installation	City	State	Reason for Denial

**ANNUAL CMWR ACTIVITY VENDING MACHINE INCOME**

--SAMPLE LETTER PART 4--

VENDING MACHINE INCOME									
A	B	C	D	E	F	G	H	I	J
State	Net Income	Total Amount Excluded from \$3,000 Minimum (indirect competition)	Amount Subject to Sharing with State with State Licensing Agency	Share Formula (50%, 30%, 10%, etc.)	Keep Formula (50%, 70%, 90%, etc.)	Amount Shared with State with State Licensing Agency	Amount Retained	Amount Disbursed to State Licensing Agency	Amount Pending Disbursement to State Licensing Agency
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$

**Example**

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

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

**B = C + G + H      D = B - C      F = 100% - E      H = F of D**  
**B = C + H + I + J      D = G + H      G = E of D      J = G - I**

Enclosure (4)

#### INSTRUCTIONS FOR COMPLETING PART 4

- Column A: State** - Enter the State in which the revenue is collected.
- Column B: Net Income** - Record total receipts collected from vending machine operations, including commissions paid by a commercial vending concern which operates vending machines on installation property. Deduct the cost of goods sold (including reasonable service and maintenance costs). This should be the amount of profit made after all fees are deducted. **DO NOT INCLUDE RECEIPTS FROM RANDOLPH-SHEPPARD ACT VENDING MACHINE FACILITIES OPERATED BY LICENSED BLIND VENDORS OR ANY COMMISSIONS PAID BY A BLIND VENDOR.**
- Column C: Total Amount Excluded from \$3,000 Minimum** - Record total amount of \$3,000 exclusion taken from vending machine operations at locations, installation or facility not in direct competition with a blind-operated vending facility.
- Column D: Amount Subject to Sharing with State Licensing Agency**  
Record the dollar amount of net income subject to sharing with the State Licensing Agency (i.e., column B minus column C).
- Column E: Share Formula (50 percent, 30 percent, 10 percent, etc.)** - Record the percentage of the amount subject to sharing that must be shared. The vending machine income-sharing requirements are as follows:
1. One hundred percent of the vending machine income from vending machines in direct competition with blind-operated vending facilities will be provided to the State Licensing Agency.
  2. Fifty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities will be provided to the State Licensing Agency.

## INSTRUCTIONS FOR COMPLETING PART 4 (CONT'D)

3. Thirty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities, and located where at least 50 percent of the total hours worked on the premises occurs during other than normal working hours will be provided to the State Licensing Agency.
4. Some States have special agreements as to the percent shared and kept. If that is the case, enter those percents in place of the 100, 50 or 30 percent.

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

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

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

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

**Column I: Amount Disbursed to State Licensing Agency** - Record the amount that has been distributed during the year to the State Licensing Agency to date.

**Column J: Amount Pending Disbursement to State Licensing Agency**  
- Record the amount due to the State Licensing Agency for the year, but not yet distributed.