



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
716 SICARD STREET, SE, SUITE 1000
WASHINGTON NAVY YARD, DC 20374-5140

CNICINST 7010.1

N9

MAY 25 2011

CNIC INSTRUCTION 7010.1

From: Commander, Navy Installations Command

Subj: NAVY MILITARY RECREATION FUND FINANCIAL REPORTING PROCEDURES

Ref: (a) DoD Instruction 1015.10 of 6 July 2009

Encl: (1) Guidelines for the Completion of the Recreation Fund Financial Statement

1. Purpose. To establish financial reporting standards and requirements for unit recreation funds as defined by reference (a).

2. Policy

a. This instruction establishes uniform procedures necessary for the completion and submission of the CNIC Form 7010/1, Recreation Fund Financial Statement. Completing this form enables each activity to reflect its financial transactions during a specified period, and accurately represent its financial condition.

b. This instruction applies to all Navy Military Recreation Funds which do not report through the Nonappropriated Fund (NAF), Commander, Navy Installations Command (CNIC) Accounting Information System (AIMS). Navy Military Recreation Funds not reporting through AIMS are required to prepare and submit an annual financial statement. These funds are typically either afloat or small recreation funds ashore that are not located aboard a military installation. Funds meeting the reporting requirements of this instruction are referred to as decentralized funds.

3. Responsibilities

a. CNIC N9 is responsible for reviewing and consolidating

financial results for all decentralized funds. Submit all recreation fund financial reports to:

CNIC Det Millington Code (N948)
5720 Integrity Dr Bldg 7
Millington, TN 38055

b. Type Commanders or other Immediate Superiors in Command (ISICs) are responsible for:

(1) Reviewing subordinate Command financial statements for reporting accuracy and appropriateness of expenditures.

(2) Initiating corrective action in those cases where reporting or accounting discrepancies exist or in cases where unauthorized use of NAFs may have occurred.

(3) Reporting financial results for all decentralized funds under their control to CNIC N948.

c. Commanding Officers (COs) and Officers in Charge (OICs) of decentralized funds are responsible for:

(1) Preparing and submitting an annual fiscal year-end financial statement no later than 30 November following the end of the fiscal year to CNIC (N948).

(2) Preparing and retaining an interim financial statement upon a change of the fund custodian.

(3) Preparing and submitting a final financial statement upon the disestablishment of a decentralized fund to CNIC (N948).

4. Action

a. CNIC N9 shall review and consolidate financial results on all decentralized funds no later than 31 December each year.

b. Type Commanders or ISICs shall:

(1) Review subordinate Command financial statements for reporting accuracy and appropriateness of expenditures.

(2) Initiate corrective action where reporting or accounting discrepancies exist or in cases where unauthorized

MAY 25 2011

use of NAFs may have occurred. A copy of any correspondence related to these deficiencies shall be forwarded to CNIC N9.

(3) Report financial results for all decentralized funds under their control to CNIC (N948) no later than 30 November each year.


c. COs and OICs of decentralized funds shall:

(1) Prepare and submit an annual financial statement no later than 30 November following the end of each fiscal year. The financial statement shall be completed as specified in enclosure (1).

(2) Prepare and retain an interim financial statement marked "Change of Custodian Statement" upon relief of a fund custodian. Interim statements are to be prepared for local use and Command retention only.

(3) Prepare and submit a final financial statement upon disestablishment of the recreation fund. The financial statement shall report results from the beginning of the fiscal year (1 October) through the date of disestablishment and shall be clearly marked "FINAL STATEMENT" CNIC (N948).

5. Forms and Report. CNIC Form 7010/1, Recreation Fund Financial Statement, can be found on CNIC Gateway 2.0.



M. C. VITALE
Vice Admiral, U.S. Navy

Distribution:

Electronic only, via CNIC Gateway 2.0

<https://g2.cnic.navy.mil/CNICHQ/Pages/Default.aspx>

MAY 25 2011

**GUIDELINES FOR THE COMPLETION OF THE
RECREATION FUND FINANCIAL STATEMENT**

1. General Instructions

a. The CNIC Form 7010/1 must reflect all income and expenses incurred by the recreation fund during the reporting period. All entries shall be recorded in U.S. dollars. Do not include income or expenses which are due but not received/paid at the end of the period. The financial statement shall include all income and expenses of the recreation fund for the entire fiscal year (1 October through 30 September). Recreation funds established during the fiscal year shall report data from the date of establishment through 30 September. All completed financial statements should be submitted to Commander, Navy Installations Command (CNIC), Fiscal Analysis Section (N948A), 5720 Integrity Drive, Millington, TN 38055-6520, by 15 December of each year. Copies should be retained for audit purposes.

b. Line titles/descriptions must be adhered to whenever possible. Those items of income and expense which are not listed on the financial statement will be shown under the captions **Miscellaneous Income** (line 15) and **Miscellaneous Expenses** (line 32), with a breakdown included as an addendum to the financial statement.

2. Preparation of the CNIC Form 7010/1 Recreation Fund
Financial Statement

a. IDENTIFICATION

(1) Reporting Activity:

Ships - Identify by name and hull number.

Ashore Units - Identify by command designation and geographic location (mailing address). (For example: Navy Operational Support Center, 274 Fifth St., N.W., Atlanta, GA 30318).

(2) Reporting to: Enter the ISIC or type Commander, as appropriate.

(3) Unit Identification Code (UIC): Enter the UIC of the reporting Command (use the UIC number for the Command designated to operate the recreation fund, for example, a United States

MAY 25 2011

Diplomatic Attaché Office (USDAO) would use the USDAO UIC, not the Naval Attaché UIC.)

(4) Period Ending: Enter 30 September 20XX or date of disestablishment of the recreation fund, as appropriate (for interim statements, reflect the appropriate statement preparation date.)

b. The COMPUTATION OF FINANCIAL STATUS will be completed as follows:

Line 1. **NET WORTH BROUGHT FORWARD BEGINNING OF PERIOD.**

Enter the net worth (cash) figure brought forward from the end of the prior period financial statement. (The net worth figure would not change between the end of one fiscal year and the beginning of another). Newly commissioned ship/activities reporting for the first time will leave this line blank; commissioning grants will be reflected on line 6.

Line 2. **RESALE OPERATION INCOME.** Enter revenue derived from the sale of merchandise and/or memorabilia, exclusive of fund-owned vending and amusement machine revenue.

Line 3. **VENDING/AMUSEMENT MACHINE INCOME.** Reflect the income derived from recreation fund-controlled vending machines, amusement machines and receipts from concessionaires.

Line 4. **TOTAL RESALE/VENDING INCOME.** This line represents the total of lines 2 and 3.

Line 5. **EXCHANGE/SHIP STORE PROFITS.** Reflect the income received by the recreation fund from the distribution of exchange or ships store profits (including exchange or ships store operated vending machine profits).

Line 6. **TRANSFERS FROM CNIC CENTRAL FUND.** Enter grants and loans received directly from CNIC N948A Central Fund only.

Line 7. **TRANSFERS FROM OTHER RECREATION FUNDS.** Enter the income received from other Morale, Welfare and Recreation (MWR) funds.

Line 8. **SPORTS PROGRAM INCOME.** Enter the total income received from recreation fund-sponsored sports/athletic programs.

MAY 25 2011

Line 9. **ENTERTAINMENT INCOME.** Enter the total income received from recreation fund-sponsored entertainment events, (e.g., revenue from ticket sales or fees to cultural, athletic or social events, concerts, dances, etc.).

Line 10. **TOURS INCOME.** Enter the income received from fees and charges in connection with sightseeing or other such tours.

Line 11. **CRUISE BOOK INCOME.** Enter income derived from sale of ship or activity cruise books.

Line 12. **OTHER RECREATION PROGRAM INCOME.** Enter the total income from recreation programs not otherwise specifically listed on the form.

Line 13. **INTEREST INCOME.** Enter all income received from interest proceeds on savings accounts or other approved investments.

Line 14. **LOAN REPAYMENT FROM INDIVIDUALS.** Enter revenue received during the period as repayment (partial or full) of loans made to individuals from the recreation fund.

Line 15. **MISCELLANEOUS INCOME.** Enter the income received in the recreation fund which is not included in other income accounts. A breakdown by description and dollar amount of all items reflected in this category must be included as an addendum to the CNIC Form 7010/1.

Line 16. **TOTAL INCOME.** Show the total of lines 4 through 15. The total must represent the total income received from all sources during the period.

c. The EXPENSES section will be completed as follows:

Line 17. **RESALE MECHANDISE PURCHASED.** Enter the total dollar value, at cost, of all merchandise purchased for resale, excluding recreation fund-owned vending machine items.

Line 18. **VENDING MACHINE MERCHANDISE PURCHASED.** Enter the dollar value of recreation fund-owned vending machine merchandise purchased for resale only. The amount should represent the total expense, at cost, for vending machine merchandise purchases. Expenses for repair, maintenance and servicing of vending machines shall be included on line 30.

MAY 25 2011

Line 19. **TOTAL RESALE/VENDING EXPENSE.** This line represents the total of lines 17 and 18.

Line 20. **RECREATION FUND DISTRIBUTIONS.** Enter the amount of funds distributed from the recreation fund to any other unit (e.g., pro-rata vending machine/ship store profits distributed to Marine Corps units; allocations provided to participating units, etc.). Funds transferred to the CNIC N948A Central Fund shall be reported on line 32.

Line 21. **ENTERTAINMENT EXPENSE.** Enter the total expenses incurred in connection with recreation fund-sponsored entertainment events, (e.g., dances, parties, etc.).

Line 22. **SPORTS EXPENSE.** Enter the total expenses incurred in connection with recreation fund-sponsored sports/athletic programs (e.g., league entry fees, officials' fees, etc.).

Line 23. **ELECTRONICS EXPENSE.** Enter the total expense incurred in the purchase of electronic equipment, property and supplies incident to the recreation program (other than resale items, e.g., television, sound system, etc.). Expenses related to transportation/shipping/freight charges associated with such property purchases should also be included on this line.

Line 24. **TOURS EXPENSE.** Enter the total expenses paid in connection with sightseeing or other type tour programs and events.

Line 25. **CRUISE BOOK EXPENSE.** Enter the total expenses incident to the preparation and publication of ship or activity cruise books or compact disc.

Line 26. **EXPENDABLE PROPERTY/SUPPLIES EXPENSE.** All property and supplies (other than electronics and sports property/supplies) with a unit cost of less than \$1,000 purchased during the period will be reflected on this line. Include property and supplies for both direct and general and administrative expenses, exclusive of resale items.

Line 27. **NONEXPENDABLE PROPERTY EXPENSE.** Enter the total expenses for property purchased during the period (exclusive of vehicles and electronics property) with an acquisition value of \$1,000 or more. Expenses related to transportation/shipping freight charges associated with such property purchases should be included on this line. Transportation charges incident to "no cost" equipment/property (i.e., property acquired where no

acquisition cost was incurred by the Civilian MWR Fund) should be reflected on line 32, **Miscellaneous Expense**.

Line 28. **VEHICLE PROCUREMENT EXPENSE.** Enter the cost of vehicles purchased during the period. Expenses for transportation/shipping/freight charges associated with vehicle purchases are also included on this line. Subsequent to procurement and during the period in which the vehicle is owned by the recreation fund, it will be reported on the Vehicle Inventory Record line 50 of the CNIC Form 7010/1.

Line 29. **BANKING FEES/SERVICE CHARGES.** Enter the total of all banking fees and service charges incurred for checking, savings or other banking services during the period.

Line 30. **MAINTENANCE/REPAIR EXPENSE.** Enter the total expenses incurred in the maintenance, repair and servicing of all recreation fund equipment, vehicles and vending machines during the period.

Line 31. **LOANS DISBURSED TO INDIVIDUALS.** Enter the total amount of loans made from the recreation fund to individuals during the period. (Loan repayments made to the CNIC Central Fund will be accounted for on line 32, **Miscellaneous Expense**.)

Line 32. **MISCELLANEOUS EXPENSE.** Enter all expenses incurred during the period which are not included in other expense lines. A breakdown by description and dollar amount of all items reflected in this category must be included as an addendum to the CNIC Form 7010/1.

Line 33. **TOTAL EXPENSES.** This line reflects the summation of lines 19 through 32 and includes all cash expenditures by the recreation fund during the period.

Line 34. **NET WORTH AT END OF PERIOD.** The amount to be reflected on this line is derived by subtracting line 33 from the sum of lines 1 and 16. This total must represent the actual cash position of the recreation fund at the end of the period and will be shown on line 1 of the succeeding period statement. If this total does not agree with the end of period cash position of the recreation fund (line 43), either a computation error exists on the statement or it is the result of erroneous records maintained during the period.

d. The RECONCILIATION OF NET WORTH section will be completed as follows:

MAY 25 2011

Line 35. **NET WORTH BROUGHT FORWARD TO BEGINNING OF PERIOD** (amount of line 1). Enter the net worth figure which appears on line 1.

Line 36. **TOTAL INCOME** (total lines 4-15). Enter the sum of lines 4 through 15.

Line 37. **TOTAL EXPENSE** (total lines 19-32). Enter the sum of lines 19 through 32.

Line 38. **TOTAL NET WORTH AT END OF PERIOD** (lines 35 and 36 minus line 37). This total represents the actual cash position of the recreation fund at the end of the period. This total verifies the amount calculated for line 34 and will also provide a check on the accuracy of the amount to be calculated for line 43, total net worth (cash) carried forward.

e. The RECAPITULATION OF NET WORTH section will be completed as follows:

Line 39. **CHECKING ACCOUNT BALANCE AS OF REPORT DATE.** Report the bank name, account number, and balance in the recreation fund checking account for the reporting period.

Line 40. **SAVINGS ACCOUNT BALANCE AS OF REPORT DATE.** Report the amount of NAFs of the recreation fund on deposit in a bank savings account(s) and/or other interest-bearing accounts.

Line 41. **PETTY CASH FUND.** Report the amount of cash on hand in the petty cash fund as of the last day of the period. This fund will be maintained per reference (a), paragraph 806.

Line 42. **UNDEPOSITED CHECKS/CASH ON HAND.** This line will reflect the amount of cash on hand (held by the recreation fund custodian and/or on deposit with a disbursing officer for safekeeping) by actual count on the last day of the reporting period.

Line 43. **ENDING NET WORTH.** The amount reflects the ending financial position of the recreation fund as of the date of the report. It is derived summing lines 39 through 42. The amount entered on line 43 must equal the amounts reported on lines 34 and 38.

f. The BANK INFORMATION section will be completed as follows:

MAY 25 2011

Line 44. **AMOUNT COLLATERALIZED THROUGH CNIC N9.** Deposits or investments that exceed the insurance limit at a particular institution must be collateralized or moved to an account at another Federally insured institution. Accounts are collateralized when the depository institution delivers acceptable U.S. Treasury Securities to a Federal Reserve Bank. Collateral is required for U.S. Public Funds in excess of insured limits by Title 31, Part 200, of the Code of Federal Regulations (usually referred to as Treasury Circular 176).

Collateral can be obtained by sending a written request to CNIC N948B, Treasury Operations Section; 5720 Integrity Dr, Millington, TN 30855-6520. The request should contain the amount of collateral needed, the depository institution, address of the main office of the depository institution and accurate account information. CNIC N948B will contact the depository institution and request and verify the collateral.

Line 45. **AMOUNT OF FEDERALLY INSURED (FDIC) BANK DEPOSITS.** Any institution in which Navy MWR funds are deposited must have Federal insurance. Banks and savings and loans are insured through the FDIC, which is an agency of the U.S. Government. Verification of FDIC insurance should be obtained before any deposit or investment is made. FDIC insurance regulations treat Navy MWR funds as public unit accounts and thus entitle MWR funds to \$250,000 insurance coverage for the aggregate of all time and savings deposit accounts at a particular institution. (For example, a Recreation Fund with \$90,000 in a checking account and \$90,000 in savings and time deposits with an FDIC insured institution would have the entire \$180,000 completely insured.

g. The STATISTICAL DATA section will be completed as follows:

Line 46. **ACTIVITY'S AUTHORIZED MILITARY PERSONNEL ALLOWANCE AS OF THE REPORT DATE.** Reflect the total manning level of the command/unit at the end of the period.

Line 47. **ACTIVITY'S ACTUAL NUMBER OF MILITARY PERSONNEL AS OF THE REPORT DATE.** Reflect the actual number of active duty military personnel on board at the end of the period as compared with the activity's authorized allowance.

Line 48. **TOTAL NONEXPENDABLE PROPERTY.** Reflect the total dollar acquisition cost of all nonexpendable property (property acquired with a unit cost of \$1,000 or more) procured from NAFs

MAY 25 2011

of the recreation fund and held at the end of the period. This amount must equal the total value of property on hand as shown on the Property/Equipment Inventory Record.

Line 49. VEHICLE INVENTORY RECORD. All recreation fund-owned vehicles, camping trailers, boat trailers and like equipment requiring a United State Navy (USN) registration number purchased with NAF or acquired through surplus listings, will be listed with a description by make, model type, year, serial number and USN registration number. The above data should be complete, accurate and up-to-date.

3. Certification of Financial Statements. Completion of the certification requirements on CNIC Form 7010/1 must be met before the statement can be accepted or retained as an official document. Financial statements must be signed by the recreation fund custodian and or a member of the recreation fund committee and the CO. Undated or unsigned statements will be returned to the originator for appropriate corrective action.

4. CNIC Form 7010/1 can be found on the CNIC Gateway 2.0 at <https://g2.cnic.navy.mil/CNICHQ/Pages/Default.aspx>.

5. Contact Point. In the event assistance is required, questions may be addressed to CNIC N948, Fiscal Analysis Section, Financial Management Branch, Fleet and Family Readiness Support Center, at commercial (901) 874-6603/DSN 882.