

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 13, CHAPTER 5
“REVENUE”**

All changes are denoted by blue font.

Substantive revisions are denoted by a ★ preceding the section,
paragraph, table, or figure that includes the revision.

Hyperlinks are denoted by *underlined, bold, italic, blue font*

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reworded and reformatted chapter for clarity and ease of reading. Added references and electronic links.	Update
0501	Added an Overview section to provide purpose and scope paragraphs.	Add
0502	Added a Revenue Standards section.	Add
0503	Added a Revenue and Funding Categories section.	Add
0504	Added an Other Revenue Requirements section.	Add
0505	Added an Appropriated Fund Support to Nonappropriated Fund Instrumentalities section.	Add
050502	Added requirement to record Morale, Welfare, and Recreation (MWR) Utilization, Support, and Accountability (USA) funds received.	Add
050504	Added requirement to record Uniform Funding and Management (UFM) funds received.	Add

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CHAPTER 5**REVENUE****★0501 OVERVIEW**

050101. Purpose. This chapter prescribes the standard policies surrounding Department of Defense (DoD) Nonappropriated Fund (NAF) revenues.

050102. Scope. Policies in this chapter apply to all NAF Instrumentalities (NAFIs) and their supporting Accounting Offices (AOs) except the Armed Service Exchanges.

★0502 REVENUE STANDARDS

050201. Recognition. NAFIs recognize revenue when it is realizable with reasonable and practical certainty. Earned revenue is recognized at the time of delivery of the goods or performance of the service. If cash or credit payments are received prior to time of delivery or performance, then revenue is unearned. If cash or credit payment has not yet been received at time of delivery or performance, then the asset account Accounts Receivable is used.

050202. Recording. The AO records revenue in the appropriate NAF's financial records. NAFIs collect revenue promptly and deposit revenue in the appropriate bank account. Amounts received in advance of performance are accounted for as unearned revenue until performance is accomplished. Using the accrual method of accounting, NAFIs record revenue on a consistent basis in the appropriate cost center and in the operating cycle the revenue is earned. Revenue is recorded in accordance with *Department of Defense Instruction (DoDI) 1015.15, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources."*

★0503 REVENUE AND FUNDING CATEGORIES

050301. Revenue Generating Activities. Revenue generating activities are those that have the highest capability to generate NAF revenues (e.g., food, beverage, entertainment, golf courses, military clubs, bowling centers (over 12 lanes), and amusement machines) and generally receive only indirect appropriated fund (APF) support, except as authorized by law. Revenue generating activities are classified into one of three funding categories in accordance with DoDI 1015.15.

050302. Funding Categories. DoD Components must ensure that NAFIs are planned, programmed, and budgeted using the proper combination of APFs, NAFs, and other approved funding resources. DoDI 1015.15 provides information on the DoD activities and their supporting NAFIs which are classified into one of six program groups. Within each program group, activities are further classified into one of the following three funding categories that receive varying degrees of APF support: In accordance with DoDI 1015.15, the funding categories below are the basis of APF and NAF authorizations. Refer to DoDI 1015.15 for further information.

- A. Category A: Mission Sustaining Activities
- B. Category B: Basic Community Support Activities
- C. Category C: Revenue Generating Activities.

★0504 OTHER REVENUE REQUIREMENTS. NAFIs update NAF budgets annually to provide financial data to managers and commanders for management decision making. The operating budgets forecast NAF revenue and are used to compare against actual revenue reported on the financial statements. For additional information, refer to DoDI 1015.15.

★0505 APPROPRIATED FUND SUPPORT TO NONAPPROPRIATED FUND INSTRUMENTALITIES

050501. Morale, Welfare, and Recreation (MWR) Utilization, Support, and Accountability (USA). MWR USA process exists as an alternate mechanism for provision of APFs directly into the NAFI accounts. *Title 10, United States Code (U.S.C.), section 2241* provides the statutory authority for APF to support MWR functions. For additional information, refer to DoDI 1015.15. It predicates Uniform Funding and Management (UFM) and remains in use. MWR USA involves activity-level execution of Memorandum of Agreements that provide for use of NAFs for MWR expenses that should be borne by APFs. MWR USA enables NAFIs to incur expenses for expenses that are authorized to be funded from APFs, subject to reimbursement from APFs for those NAFI expenditures and has different accounting implications in terms of revenue and expense recognition.

★ 050502. Morale, Welfare, and Recreation (MWR) Utilization, Support, and Accountability (USA) Recording. The AO will record funds subject to reimbursement from APF in the MWR USA account receivable account with a contra entry to MWR USA income account in the reporting cycle. Refer to *Chapter 6* of this volume for information on recording MWR USA expenses.

050503. Uniform Funding and Management (UFM) Appropriation. *Title 10, United States Code (U.S.C.), section 2491* authorizes funds appropriated to DoD and available for MWR programs to be treated as NAFs and expended in accordance with laws applicable to NAF. These funds are considered NAFs for all purposes and remain available until expended. UFM allows APF to be provided prior to NAFI expenditures, only if the program is authorized to receive APF and only in the amounts the program is authorized to receive. Refer to DoDI 1015.15 for further information.

★ 050504. Uniform Funding and Management (UFM) Recording. The AO will record UFM funds received in advance in the appropriate cash account with a contra entry to an unearned income account identified as UFM. As authorized UFM expenses are incurred, the unearned income account is reduced by the amount of expense and that amount is transferred to an income account identified as UFM in the reporting cycle. Refer to Chapter 6 of this volume for information on recording UFM expenses.

050505 Other Appropriated Fund Support. Direct support is another APF category that occurs when APF obligates and expends (e.g. furnishing of utilities) and the NAFI does not incur the expense subject to reimbursement. In this case APF does not administer APFs as if they were NAFs.