

Assets

An asset is a resource that embodies economic benefits or services that the Nonappropriated Fund Instrumentality (NAFI) controls. The NAFI controls access to the economic benefits or services and, therefore, can obtain them and deny or regulate the access of other entities.

Cash: Cash, including imprest funds, should be recognized as an asset. Cash consists of: coins, paper currency and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; amounts on demand deposit with banks or other financial institutions; and foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date.

- 100. Cash in Bank:** Cash in financial institutions, such as banks or credit unions. Cash consists of amounts on deposit such as but not limited to, coins, paper currency and readily negotiable instruments, including money orders, checks and bank drafts on hand or in transit for deposit.
- 101. Foreign Currency:** The U.S. dollar equivalent of foreign government currency. This account is used for all foreign currency receipts and disbursement held on deposit by NAFIs outside the continental United States.
- 102. Revolving Cash Fund:** Cash on hand in a central cashier operation at those bases where such an operation has been implemented. Used only in the NAFI that has accountability for the central cashier operation (normally the NAF Accounting Office (AO)).
- 103. Change Funds:** Funds used in daily operations to make change, cash checks, foreign currency conversion funds and foreign currency accommodation sales.
- 104. Petty Cash:** Fixed amounts established by the NAFI to handle minor disbursements. This account can include foreign petty cash.
- 105. Imprest Funds:** A cash fund of a fixed amount established through an advance of funds, without change, to an authorized imprest fund cashier to effect immediate cash payments of relatively small amounts for authorized purchases of supplies and non-personal services.
- 106. Savings:** Cash in savings accounts—short term investment of funds not needed immediately for daily operations, but readily available. Savings accounts must be in an interest bearing account and in federally insured banks, credit unions, or savings institutions.
- 107. Restricted Cash:** Cash set aside for a particular use, either by legal means or otherwise. If legally restricted, the cash must be segregated and reported separately from other cash/cash equivalents on the balance sheet. If there is no legal restriction, the cash can be combined with all other cash and cash equivalents.

RESERVED 108-109

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Investments: Consists of securities purchased for investments, certificates of deposit with a maturity of less than 1 year, Treasury notes, bonds, and certificates of indebtedness issued by Federal Government agencies, and foreign currency investments.

- 110. Interest Bearing Deposits:** Accounts at banks that pay interest to the account holder depending on the amount of deposits and money held in the accounts.
- 111. Certificates of Deposit Short Term Less than 12 months:** Short term, interest-bearing, FDIC-insured debt instruments offered by banks and savings and loans. Covers CDs with maturity dates of less than 12 months. CDs offer higher rates of return than most comparable investments, in exchange for tying up invested money for the duration of the certificate's maturity.
- 112. Marketable Securities Short Term:** Very liquid securities that can be converted into cash quickly at a reasonable price. These tend to have maturities of less than 1 year, and the rate at which they can be bought or sold has little effect on their prices. Marketable securities with original remaining maturities less than 1 year are classified as short-term marketable securities. Examples include but are not limited to commercial paper (e.g., stocks), banker's acceptances, Treasury bills and other money market instruments. The GL account is for readily tradable obligations of Government agencies, and obligations issued by U.S. Government-sponsored enterprises and securities. The securities are guaranteed by the full faith and credit of the U.S. Government with quoted prices that can be easily converted into cash within 1 year.

RESERVED 113-114

Receivables: Amounts that an entity claims for payment from others. Receivables can result from activities such as the sales of goods or services, the making of loans or loans assumed from defaults on previously made loan guarantees, the earning of interest, the advance or prepayment of monies, etc.

- 115. Customer Receivables:** Amounts owed to the NAFIs for, but not limited to, sales of merchandise, services, or dues. Receivables may result from amounts owed by members, customers, and organizations for dues, fees, charges, rentals, credit sales, payment plans, and military personnel orders actions processed.
- 116. Inter and Intra NAFI Receivables:** Amounts due from other base NAFIs for services or supplies; includes amounts owed between program groups.
- 117. Appropriated Fund (APF) Receivables:** Amounts owed from appropriated funds.
- 118. Merchant Card Receivables:** Amounts owed by banking companies for sales of goods, services, and/or special functions from credit companies. This account will be used for all credit card sales regardless of the credit card company involved.
- 119. Claims Receivables:** Amount due for destruction or losses (e.g., fire, theft, or other causes) covered under the self-insured program.
- 120. Employee Receivables:** The amount due from employees for payments made due to insufficient earnings such as, but not limited to, insurance premiums, retirement arrearages, etc.

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- 121. Accrued Interest Receivables:** Amounts due from interest earned but not received at the end of an accounting period, such as (but not limited to) external savings accounts, investments, and contracts.
- 122. Allowance for Doubtful Accounts:** An estimated amount of bad debts that may be subtracted from a balance sheet's accounts receivable. The estimated allowance is based on a review of historical average write-off amounts from the accounts receivable. Adjust the allowance for doubtful accounts to cover those accounts expected to become uncollectible during the next reporting period. This account is used when bad debt expense for the current reporting period is expected to be material.
- 123. Other Receivables:** Amount of other receivables for which an account has not been established such as (but not limited to) travel advances, amounts due from higher headquarters for grants and other payments, and amounts due from outside entities.

RESERVED 124-129

Inventories: Inventory is merchandise or supplies on hand or in transit at a particular point in time. Inventory held for sale or resale consists of goods to be sold in the normal course of business. A value is assigned which represents the cost of acquisition. When the goods are sold, the value assigned is used to determine profit for the accounting period as shown on the income statement and to properly report assets on the balance sheet at the end of the accounting period.

- 130. Inventory:** Goods held for sale in the normal course of business, designated as resale inventory items.
- 131. Central Warehouse Inventory:** Value of the bulk, volume, or secured storage of resale and/or supplies inventory.
- 132. Work in Progress Inventory:** Inventory in the process of being constructed or manufactured.
- 133. Inventory in Transit:** Inventory where title has passed to the NAFI, but the inventory has not been received at a NAFI warehouse.

RESERVED 134-139

Other current Assets: Other current assets are prepaid expenses that are payments and expenditures made in contemplation of future benefits or performance.

- 140. Prepaid Supplies:** Any unexpired portion of a payment made in advance for an expense related to supplies not for resale that have not yet been consumed or used. Supplies are expensed as their usage is recorded by the NAFI custodian.
- 141. Prepaid Contracts:** Any unexpired portion of a payment made in advance for an expense related to contracts that is being amortized over a specific time period. Annual service contracts may be expensed over the life of the contract, regardless of amount, if the amount is material to the activity.
- 142. Prepaid Insurance:** Any unexpired portion of a payment made in advance for an expense related to insurance that is being amortized over a specific time period. Advance payments for

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insurance is an expense that can span numerous months. Annual insurance contract amounts may be expensed over the life of the contract, regardless of amount, if the amount is material to the activity.

- 143. Prepaid Franchise Fees:** Any unexpired portion of a payment made in advance for an expense related to franchise fees that are being amortized over a specific time period.
- 144. Prepaid Other:** Any unexpired portion of a payment made in advance for an expense not defined in other prepaid counts that will be amortized or depreciated over a specific period of time.
- 145. Advance Payments:** Payments made in advance for goods and/or services not yet received, such as but not limited to utilities, trips outdoor recreation, and entertainers.
- 146. Deposits:** Amount due for deposits made in connection with the purchase of goods or services such as but not limited to deposits charged by vendors on reusable containers, credits given for returned containers, deposits with foreign governments, hunting stamps and licenses.

RESERVED 147-149

NAFI Titled Fixed Assets: Resources that embody economic benefits or services that the NAFI controls. It embodies economic benefits or services that can be used in the future. The NAFI controls the title to the asset and controls access to the economic benefits or services and, therefore, can obtain them and deny or regulate the access of other entities.

- 150. NAFI Titled – Buildings and Land Assets:** Real estate, constructed dwellings or storage facilities. This account includes, but is not limited to, added features such as canals, landscaping, fencing, and built roads. It qualifies for depreciation and features must increase real value. Buildings and land are government owned. This GL account is for the capitalized cost of buildings and land paid with Nonappropriated funds.
- 151. NAFI Titled – Buildings and Land Accumulated Depreciation:** Depreciation of the asset account building and land assets.
- 152. NAFI Titled – Buildings and Land Improvements:** The value of renovations, other improvements, reconstruction and/or repairs made to existing buildings and land. This GL account is for, but not limited to, the capitalized cost of buildings and land improvements paid with Nonappropriated Funds.
- 153. NAFI Titled – Buildings and Land Improvements Accumulated Depreciation:** Depreciation of the asset account buildings and land improvements.
- 154. NAFI Titled – Vehicle, Aircraft and Boat Assets:** Capitalized cost of vehicles, aircraft and boats purchased with Nonappropriated Funds.
- 155. NAFI Titled – Vehicle, Aircraft and Boat Accumulated Depreciation:** Depreciation of the asset account vehicles, aircraft and boats.
- 156. NAFI Titled – Furniture, Fixture and Equipment:** Items considered non-personal property such as (but not limited to) chairs, desks, filing cabinets, copiers, fax machines, and telephone

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equipment, unless they are affixed to the real property. This account includes the capitalized cost of furniture and fixtures purchased, donated, or transferred.

- 157. NAFI Titled – Furniture, Fixture and Equipment Accumulated Depreciation:** Depreciation of the asset account furniture and equipment.
- 158. NAFI Titled – Information Technology Assets:** Related to internal use software and hardware, including purchased off-the-shelf software, contractor-developed software subject to amortization, hardware, and internally developed software subject to amortization. This includes assets purchased with a memorandum of agreement (MOA).
- 159. NAFI Titled – Information Technology Accumulated Depreciation:** Depreciation of the asset account information technology.
- 160. NAFI Titled – Livestock Assets:** Living assets; such as but not limited to animals held for draft, breeding, dairy, sporting purposes or consumption. The value of livestock entered into this account is the cost of raising the animal to its current condition, (i.e., breeding stallion or the cost of raising a heifer from calf to freshening.) This value maybe estimated, or based on the current market value – if a base value has been established.
- 161. NAFI Titled – Livestock Accumulated Depreciation:** Depreciation of the asset account livestock.
- 162. NAFI Titled – Assets in Progress:** Accumulated costs of a project, which is not yet completed. This includes all costs associated with placing the asset in service.
- 163. NAFI Titled – Fixed Assets in Transit:** Fixed assets or items related to fixed assets that have not yet been transported to the final location for the fixed asset. The title has passed to the NAFI, but the assets have not yet been received.

RESERVED 164-169

APF Titled Fixed Assets: Resources that embody economic benefits or services that the Government controls. It embodies economic benefits or services that can be used in the future. The Government controls access to the economic benefits or services and, therefore, can obtain them and deny or regulate the access of other entities. These are assets purchased with appropriated funds and have a Government title.

- 170. APF Titled – Buildings and Land Assets:** Real estate, constructed dwellings or storage facilities. Includes (but is not limited to) added features such as canals, landscaping, fencing, and built roads. Qualifies for depreciation, and features must increase real value. Buildings and land are government owned.
- 171. APF Titled – Buildings and Land Accumulated Depreciation:** Depreciation of the asset account building and land assets.
- 172. APF Titled – Buildings and Land Improvements:** The value of renovations, other improvements, reconstruction and/or repairs made to existing buildings and land.
- 173. APF Titled – Buildings and Land Improvements Accumulated Depreciation:** Depreciation of the asset account buildings and land improvements.

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- 174. APF Titled – Vehicle, Aircraft and Boat Assets:** Capitalized cost of vehicles, aircraft and boats purchased
- 175. APF Titled – Vehicle, Aircraft and Boat Accumulated Depreciation:** Depreciation of the asset account vehicles, aircraft and boats.
- 176. APF Titled – Furniture, Fixture and Equipment Assets:** Items considered non-personal property such as but not limited to chairs, desks, filing cabinets, computer equipment, copier, fax machine, telephone equipment unless they are affixed to the real property. This account includes the capitalized cost of furniture and fixtures purchased, donated, or transferred.
- 177. APF Titled – Furniture, Fixture and Equipment Accumulated Depreciation:** Depreciation of the asset account furniture and equipment.
- 178. APF Titled – Information Technology Assets:** Related to internal use software and hardware, including purchased off-the-shelf software, contractor-developed software subject to amortization, hardware, and internally developed software subject to amortization.
- 179. APF Titled – Information Technology Accumulated Depreciation:** Depreciation of the asset account information technology.
- 180. APF Titled – Livestock Assets:** Living assets; such as but not limited to animals held for draft, breeding, dairy, sporting purposes or consumption. The value of livestock entered into this account is the cost of raising the animal to its current condition, (i.e., breeding stallion or the cost of raising a heifer from calf to freshening.) This value may be estimated, or based on the current market value – if a base value has been established.
- 181. APF Titled – Livestock Accumulated Depreciation:** Depreciation of the asset account livestock.
- 182. APF Titled – Assets in Progress:** Accumulated costs of a project, which is not yet completed. This includes all costs associated with placing the asset in service.
- 183. APF Titled – Fixed Assets in Transit:** Government titled fixed assets or items related to Government titled fixed assets that have not yet been transported to the final location for the fixed asset.

RESERVED 184-189

Other Long Term Assets: Long term assets not identified in previous asset lines of account that fall into such categories as company's property, equipment, and other capital assets (stocks, bonds, etc.) that are held for a long period of time.

- 190. Long Term Inter and Intra NAFI Receivables:** Amounts due from other NAFIs for services or supplies, includes owed between program groups. These owed amounts are due in a time period longer than 12 months. This account includes loans and sinking funds for all services.
- 191. Long Term Receivables:** Amounts due for services or goods received, which are due in a time period longer than 12 months.

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- 192. Long Term Pre-paid Expenses:** Expenses which have already been paid for a time period longer than 12 months, such as capital leases, vehicle leases, lease paid in full at beginning of term.
- 193. Certificates of Deposit Long Term over 12 months:** A certificate of deposit which has a maturity date longer than 12 months out.
- 194. Marketable Securities Long Term:** Marketable securities with remaining maturities greater than 1 year as of the balance sheet date are classified as long-term marketable securities. Examples include commercial paper (e.g., stocks), banker's acceptances, Treasury bills and other money market instruments. This GL account is for readily tradable obligations of Government agencies, and obligations issued by U.S. Government-sponsored enterprises and securities.
- 195. Long Term Contributions:** Records amounts related to severance held to maturity and retirement investments and amounts which have vested or are at maturity.
- 196. Long Term Franchise Fees:** Cost paid to operate a franchise branch of a larger company and enjoy the profits therefrom.
- 197. Intangible Assets:** Intellectual property (items such as but not limited to patents, trademarks, copyrights, business methodologies), goodwill and brand recognition for NAF branded business operations such as but not limited to Java Café, Primo's Express, and Mulligans.
- 198. Long Term Royalty and Trademark Fees:** Fees paid to external vendors for royalty and trademarks for the use of the corporation's brand by NAF programs such as (but not limited to) Chili's and Macaroni Grill. This fee is separate and distinct from prepaid and long term franchise fees.

RESERVED 199

Liabilities

Obligations of a company or organization. Amounts owed to lenders and suppliers. Liabilities often have the word "payable" in the account title. Liabilities also include amounts received in advance for a future sale or for a future service to be performed

Current Liabilities: Classified as current if their liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets or to create other current obligations. Current liabilities are due on demand or will be due on demand within 1 year.

- 200. Accounts Payable:** Amounts for goods and services received from, progress in contract performance made by, and rents due to other entities. Accounts payable are not intended to include liabilities related to on-going continuous expenses such as employees' salary and benefits, which are covered by other current liabilities.

RESERVED 201-204

- 205. Wages Payable:** Amounts owed to employees (domestic and foreign) for hours worked but not yet paid as of the date of the balance sheet. To include but not limited to salary, gratuity, leave, and compensatory time paid.

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- 206. Taxes Payable:** Amounts for federal, state, local and Federal Insurance Contributions Act (FICA) taxes withheld from employees' pay and accrued by the employer, as applicable, but not paid. Taxes accrued and payable (by the employer) on wages earned by employees.
- 207. Insurance Payable:** Insurance accrued and due for employee benefits; including but not limited to long term care benefits, group life and health insurance, HMO insurance, disability insurance, employment supplemental insurance, unemployment compensation and worker's compensation.
- 208. Deductions Payable:** Amounts for deductions of savings bonds, charity, savings, and union dues that are withheld, but not yet paid.
- 209. Retirement Payable:** Deductions for retirement accounts such as 401K (3rd party administered programs/does not include self-administered), TSP, retirement plans, and FERS & CSRS. This GL account is used when the Plan Benefit Obligation (liability) is greater than the Pension Plan Assets that are due within 12 months.
- 210. Short Term Post-Retirement Benefit Obligation Liabilities:** Post retirement benefits such as but not limited to life insurance, dental, and medical that are due within 12 months.
- 211. Other Employee Benefits Payable:** Includes accounts such as COLA/LOA/uniform allowances, retroactive pay and benefits, unclaimed wages, bank fee reimbursement payables, separation allowance payables, annual awards, pay bonuses, training and travel, and severance benefits payables.
- 212. Other Employee Payable:** Includes accounts such as disability payables, retirement payables, 401K payables (self-administrator programs/does not include 3rd party administered).
- 213. Workers' Compensation Liability:** This account records any probable contingent liability related to workers' compensation claims. Amount only includes probable losses relating to uninsured, or self-insured risks occurring on or before the balance-sheet date when reasonable loss estimates can be made based on experience and other sources.

RESERVED 214-219

- 220. Short Term Inter and Intra NAFI Payable:** This account is for recording payables for services or supplies to another activity or NAFI.
- 221. Short Term Loans Payable:** Amounts payable on borrowed funds with a due date within a span of 12 months or less.
- 222. Interest Payable:** Consists of interest accrued and owed to others. Interest payable should be recorded for the amount of interest expense incurred and unpaid. Interest incurred results from borrowing funds from Treasury, Federal Financing Bank, other federal entities, or the public. Interest should also be recorded on late payment of bills by the federal entity and on refunds. Interest payable of an entity on borrowed funds and unpaid bills should be recognized at the end of each period.
- 223. Reserves Payable:** Amount reserved for anticipated foreseeable payments such as but not limited to expected legal settlement, claims, etc.
- 224. Claims Payable:** Amounts due for claims.

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- 225. Short Term Capital Leases:** Consists of leases payable within 1 year. Capital leases transfer substantially all the benefits and risks of ownership to the lessee. If, at its inception, a lease meets one or more of the following four criteria, the lease should be classified as a capital lease by the lessee:
- The lease transfers ownership of the property to the lessee by the end of the lease term.
 - The lease contains an option to purchase the leased property at a bargain price.
 - The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
 - The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

RESERVED 226-229

- 230. Unearned Income:** Non-APF income received which has not yet been earned. Credit balance liability account used to record amounts of dues, deposits or other collections accepted in advance but not yet earned such as advance dues, swimming pool patches, annual green fees, and depositions on special orders. As amounts are earned, they are transferred to an income account. Subsidiary records are maintained to determine the source of prepayments and when accounts will become earned.
- 231. Unearned Income APF:** Income received from APF that has not yet been earned. Credit balance liability account used to record amounts of dues, deposits or other collections accepted in advance but not yet earned to support authorized program expenses. As amounts are earned, they are transferred to an income account. Subsidiary records are maintained to determine the source of prepayments and when accounts will become earned.
- 232. Unearned Income Uniform Funding and Management (UFM) and Utilization Support and Accountability (USA) - Non-Operating:** Income received through the UFM process that has not yet been earned. This account is credited when UFM funds are received. On a monthly basis, this account is debited to recognize the transfer of UFM income from unearned revenue to earned revenue for all eligible reimbursements incurred during that month. For use by the Air Force, Army, and Marines only.

RESERVED 233-234

- 235. Other Payable:** Amounts owed, but not otherwise classified.

RESERVED 236-239

Long Term Liabilities: Amounts due over a period of time longer than 12 months from either today, or the date of the balance sheet. A firm must disclose its long-term liabilities in its balance sheet with the interest rates (or other charges) related to those liabilities as well as the date of maturity (when final payment is due).

- 240. Long Term Inter and Intra NAFI Liabilities:** A loan or other form of debt, between programs or services, which is expected to be paid off more than 1 year into the future.
- 241. Long Term Pension Cost Liabilities:** Payments owed to pension programs, with payouts of more than 1 year.

242. Long Term Post-Retirement Benefit Obligation Liabilities: Post retirement benefits such as but not limited to life insurance, dental, and medical that will not be paid within 12 months.

243. Long Term Loans Liabilities: Long-term loans payable consists of the amount of loans and notes that will not be paid within 12 months.

244. Long Term Capital Lease Liabilities: Consists of leases payable not due within 12 months. Capital leases transfer substantially all the benefits and risks of ownership to the lessee. If, at its inception, a lease meets one or more of the following four criteria, the lease should be classified as a capital lease by the lessee:

- a. The lease transfers ownership of the property to the lessee by the end of the lease term.
- b. The lease contains an option to purchase the leased property at a bargain price.
- c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
- d. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

245. Long Term Other Liabilities: Other long-term liabilities or transactions that not properly recordable to another liability account.

246. Long Term Severance Liabilities: Amounts owed for severance benefits with payout dates of more than one year.

247. Long Term Reserves Liabilities: Amount reserved for anticipated foreseeable payments that are not due within 12 months, e.g., pay an expected legal settlement, claims pay bonuses, pay off debt, and pay for repairs and maintenance, and so forth.

RESERVED 248-299

Net Worth/Equity

Consists of capital invested in NAFIs plus (minus) the net income (loss), resulting from operations since inception. Transactions into and out of equity are limited to net income, net losses, and entries associated with the establishment of the fund, as well as certain adjustments. Adjustments are rare and might include certain accounting principle changes, certain prior period adjustments and distribution of capital.

300. Undistributed Profits and Net Income: The cumulative balance of current period net income and expense. This GLAC is a computed line of the interim and financial statements and GLACs are closed to this account.

301. Unrealized Gains and Losses: Gains and losses in the value of an asset still being held.

302. Equity Reserves: Amounts set aside for some future or restricted use.

303. Workers' Compensation Reserves: Funds set aside to cover possible future workers' compensation claims.

304. Transferred Equity: Equity value that has been transferred in a property, or an amount of debt a creditor has forgiven in exchange for equity in an enterprise.

305. Retained Earnings: Amount of income left after expenses have been deducted.

306. Other Equity or Earnings: Other equity or earning transactions that not properly recordable to another account.

RESERVED 307-399

Operating Income

Earnings or other item(s) of monetary value realized as a result of core business activities.

Operating Income: The amount of profit realized from a business's operations after taking out operating expenses - such as cost of goods sold (COGS) or wages - and depreciation. Operating income takes the gross income (revenue minus COGS) and subtracts other operating expenses and then removes depreciation. These operating expenses are costs which are incurred from operating activities and include things such as office supplies and heat and power.

400. Gross Sales Income: All sales, including sales of goods and services central to an entity's ongoing major or central operation, within the fiscal year. Goods must have been delivered to the customer, and services must have been performed before sales revenue can be recognized.

401. Sales Returns and Allowances: A contra-account for sales which tracks returned merchandise and allowances granted to a customer due to improper, obsolete or defective merchandise. When accruing for returns and allowances, **a)** revenue should be recognized net of the expected returns, and **b)** cost of sales should not be recognized for goods sold that are expected to be returned.

402. Sales Discounts: A contra-account for sales price reductions due to discounts and coupons given to customers.

403. Participation Fees Income: Revenue from fees charged to customers for participating in programs, such as but not limited to athletic events, special events, golf green fees, bowling leagues, lodging room nights, etc.

404. Concessionaire Income: Income from revenue received from contracted operations such as (but not limited to) commissions.

405. Rental Income: Revenue received from rentals. Pre-paid rents received cannot be included in this amount, unless the appropriate time period has occurred to allow for accrual.

406. Amusements Income: Revenue from the operation of arcade machines. Does not include income from machines that provide a payout.

407. Gaming Income: Revenue from recreational slot machines and video poker machines.

408. Other APF Income: APF funds received for NAF costs associated with operating programs or providing services. Includes strategic and non-strategic memorandums of agreements (MOAs) that are not UFM/USA payments.

409. Reimbursement Income: Income received for non-strategic services or goods that are eligible for APF funding and have been accrued, such as but not limited to utilities, shared services, etc.

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- 410. Commercial Sponsorship Income:** Records the value of goods, labor or currency as a donation from a sponsor. The value of the goods is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, or the date the income is recorded. For bulk items, the value recorded is the value of the goods at wholesale. This GL includes donated services. Services must fulfill one of two criteria to be included in this income category: 1) create or enhance nonfinancial assets (e.g. constructing a building, road clean-up, etc.) or 2) require specialized skills, are provided by individuals possessing those skills (e.g., carpenters, doctors, accountants) and would typically need to be purchased if not provided by donation.
- 411. Inter and Intra Income:** Income received from shared services, other programs and units in kind.
- 412. Other Operating Income:** Income that does not fit any other GLAC income category.

RESERVED 413-499

Operating Expenses

Any outlay incurred in the ordinary course of business.

Operating Expenses: A category of expenditure that a business incurs as a result of performing its normal business operations.

- 500. Purchases:** Amount of merchandise purchased for sale less discounts taken. This account includes the cost of freight deemed to be material and readily assignable to individual inventory items or items transferred from other cost centers. This GLAC is to be used in conjunction with the periodic inventory accounting method.
- 501. Purchases Discounts and Allowances:** Amount of merchandise returned or allowance taken. This GLAC is to be used in conjunction with the periodic inventory accounting method.
- 502. Cost of Goods Sold:** Cost paid for merchandise sold. Cost of Goods Sold includes the cost of freight deemed to be material and readily assignable to individual inventory items or items transferred from other cost centers. This GLAC is to be used in conjunction with the perpetual inventory accounting method.

RESERVED 503-504

- 505. Wage Expense:** Gross salaries and wages paid for domestic and foreign national employees and includes transfer of labor from one cost center to another in addition to payroll accrual reversals. To include but not limited to salary, gratuity, leave, and compensatory time paid.
- 506. Tax Expense:** Amount of taxes paid as required by Federal, State and Foreign governments.
- 507. Employee Insurance Expense:** Cost of premiums paid to cover such as but not limited to medical, life and health insurance, workers compensations, unemployment compensation for U.S. and foreign payroll, etc.
- 508. Retirement Expense:** Accrued amounts due or paid, such as 401K payments (3rd party administered programs/does not include self-administered), Thrift Savings Plan (TSP)

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payments, retirement plans and post-retirement benefits as well as Federal Employees Retirement System (FERS) and Civilian Service Retirement System (CSRS). This also includes labor transferred from other cost centers.

509. Other Employee Benefit Expense: Amounts paid for domestic and foreign employee benefits which do not fall in any other GLAC category related to employee expenses. This includes items such as cost of living allowance (COLA)/living and quarters allowance (LQA)/uniform allowances, bank fee reimbursements, separation allowances, severance benefits, tuition reimbursements, EAP (Employee Assistance Program) expenses, training/professional development expenses, transportation incentive program, and professional membership fees.

510. Other Expenses to Employees: Includes accounts such as disability, retirement, 401K (self-administrator programs/does not include 3rd party administered).

RESERVED 511-519

520. Supplies Expense: Records the cost of supplies and materials that are ordinarily consumed or expended within 2 years or used to fix property (e.g., repair parts). Such accounts include office supplies, ice, small wares and freight or transportation fees which are attributable to these items.

521. Non-Capitalized Furniture, Fixtures and Equipment Expense: Records items purchased, (e.g., furniture, fixtures, and equipment) that do not meet capitalization criteria.

522. Repairs and Maintenance Expense: Amounts incurred for parts and services required to keep equipment and facilities used in proper functioning capacity.

523. Communication Expense: Amounts paid for telephone service, postage, tolls and telegraph.

524. Utilities Expense: Amounts paid for electric, gas, water, and other utilities in normal operations.

525. Rental Expense: Cost of rental or approved lease items such as land, buildings, sheds, docks, etc. Also includes rental of kitchen items and dining room furniture when rented for large functions, and rental cost of aero club leased aircraft. Can only include amounts incurred.

526. Insurance Premium Expense: Premiums paid to cover losses, such as money, securities, vehicles, aircraft, building, and contents of buildings.

527. Depreciation and Amortization Expense: Records the amount recognized by the process of allocating costs of an asset over the period of time benefited or the asset's useful life, whichever is shortest. Acts as a contra-account to the asset account. Depreciation is specific to tangible items, amortization applies to intangible items as well as software.

528. Travel Expense: Amount spent for travel and per diem costs for employees attending training, conferences, seminars, and permanent change of station costs.

529. Transportation Expense: Amount spent on the transportation of items not for resale.

RESERVED 530-534

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- 535. Reimbursed Common Support Expense:** Includes those expenses provided by a different Program Group and reimbursed by the benefiting Program Group.
- 536. Claims Expense:** Amount paid and/or reserved for claims.
- 537. Grants Expense:** Funds provided to NAFIs for special events or programs by the Military Service Headquarters.
- 538. UFM and USA Operating Offset Expense:** Contra-expense account used to offset operating expenses eligible for UFM and USA funding. This account is only used if accounts numbered 217 and 614 are not used to record UFM receipts initially as unearned income and subsequently as earned income as expenses are incurred. This account treats UFM funds as a reduction in NAFI operating expenses and is for Navy use only.
- 539. Inter and Intra Expense:** Expenses accrued from shared services, other programs and units in kind.

RESERVED 540-544

- 545. Contract Services Expense:** Records amounts paid for services performed on contracts and agreements, such as computer services, commercial billing service, studies, and analysis, sports officials, aero instructors, and mechanic fees.
- 546. Advertising and Promotion Expense:** Cost of resale items given to customers during promotions within NAFI, and also records the expenses for advertisements.
- 547. Entertainment Expense:** Amounts related to entertainment, such as for orchestras, musicians, other entertainers; other costs as specified on a contract; and special entertainment where admission fees are charged.
- 548. Credit Cards Expense:** Amount paid to credit card companies or financial institutions for credit card handling fees.
- 549. Bad Debt Expense:** Amount of accounts receivable uncollectible for the current accounting period.
- 550. Laundry and Dry Cleaning Expense:** Records expenses for cleaning linens and uniforms.
- 551. Commercial Sponsorship Expense:** Expenses related to goods and services received from sponsors.
- 552. Other Operating Expense:** Holding account for amounts related to operations that do not have a specific expense account, such as cash overages/shortages, unit allocations, flowers and decorations, franchise/royalty fees, and isolated unit allocations.

RESERVED 553-599

Non-Operating Income

Earnings or other item(s) of monetary value realized from activities not related to core operations.

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Non-Operating Income: The portion of an organization's income that is derived from activities not related to its core operations. Non-operating income would include such items as dividend income, profits (and losses) from investments, gains (or losses) incurred due to foreign exchange, asset write-downs and other non-operating revenues and expenses.

600. Interest Income: Interest earned on bank deposits, securities, or other interest-bearing instruments.

601. Assessment Income: Income from fees assessed for programs paid by end user such as but not limited to slot machines, property insurance, etc.

602. Rebates Income: Income received from rebates received from vendors on resale merchandise and services.

RESERVED 603-609

610. Retirement Contributions Income: Service self-administrated retirement contributions.

611. Basic Wage Offset Income: APF income received to offset wage expense for APF-eligible positions.

RESERVED 612-619

620. Contribution/Donation Income: Records the value of contributions and donations received. Donations of artifacts are NOT included in this GL account.

621. Subsidy Income: Income received from subsidies.

622. Exchange Dividend Income: Records the dividend received from the exchange retained at the installation.

623. Headquarters Exchange Dividend Income: Records the dividend received from the exchange at the Headquarters level.

624. Extraordinary Income: Income from unusual and infrequent events.

RESERVED 625-629

630. Realized Gains and Losses for Foreign Currency Income: Records the change in value of assets still being held, which are not related to normal business operations. Includes accounts such as foreign currency income and sale of investments income.

631. Realized Gains and Losses for Sale of Investments Income: Records the change in value of assets still being held, which are not related to normal business operations.

632. Realized Gains and Losses for Sale of Fixed Asset Income: Records the change in value of assets still being held, which are not related to normal business operations.

RESERVED 633-639

640. Income UFM and USA – Non-Operating: Income received through the UFM process that has been earned. This account is credited on a monthly basis to recognize the transfer of UFM

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income from unearned revenue to earned revenue for all eligible reimbursements incurred during that month. For use by the Air Force, Army, and Marines only.

641. Prior year Income Adjustment: Records increased or decreased income resulting from adjustments made in the equity section of the balance sheet.

642. Other Non-operating Income: Income amounts that do not fit any other non-operating income GLAC.

RESERVED 643-699

Non-Operating Expenses

Any outlay incurred from activities not related to core operations.

Non-Operating Expense: An expense incurred by activities not relating to the core operations of the business. Accountants may remove non-operating expenses or revenues in order to examine the performance of the business, ignoring effects of financing or irrelevant issues.

700. Interest Expense: Amount of interest paid in the current accounting period for prompt pay, capital leases, and loans.

701. Assessment Expense: Amount levied through higher headquarters such as but not limited to lodging and insurance calculations.

702. Prior Year(s) Expense Adjustment: Records the correction of an error in the recording of expenses in a prior year.

703. Extraordinary Expense: Expenses from unusual and infrequent events. Can result from a change in accounting principle.

704. UFM and USA Non-Operating Offset Expense: Contra-expense account used to offset Non-operating expenses eligible for UFM and USA funding. This account is only used if accounts numbered 217 and 614 are not used to record UFM receipts initially as unearned income and subsequently as earned income as expenses are incurred. This account treats UFM funds as a reduction in NAFI Non-operating expenses and is for Navy use only.

705. Other Non-Operating Expense: Holding account for amounts related to non-operations that do not have a specific expense account.

RESERVED 706-799