

Position Paper No.	Issue Title	Recommendation/ Description of issue	Current Status	Pending Action Required	Responsible Party	Policy Affected	NAFSG L VERSION	Air Force	Original Date	New Date	Army	Original Date	New Date	Marines	Original Date	New Date	Navy	Original Date	New Date
N/A	Royalty Fees	Addition of an intangible account category to account for royalty fees.	Complete - Posted to the NAF Accounting Website*	NONE - complete	N/A	None	NAFSG L 1.0	Yes		8/23/2018	Yes		8/23/2018	Yes		8/23/2018	Yes		8/23/2018
1	Acid-Test Ratio	Revise numerator to match GAAP (cash and cash equivalents + accounts receivable + current marketable securities) and maintain 1:1 standard. Add reference to FMR in DoDI 1015.10.	WG Discussion Completed	Pending update to 1015.10 and OSD submission to DFAS for FMR update. <b>Update: Mention of Acid Test Ratio removed from draft update of DoDI 1015.10. Only need to update the FMR.</b>	GT/OSD	DoDI 1015.10 FMR Volume 13, Chapter 7	NAFSG L 2.0	Yes	6/3/2015	10/19/2018	Yes	5/14/2015	11/2/2018	Yes	6/15/2015	10/31/2018	Yes	5/18/2015	11/2/2018
2	Allowance for Doubtful Accounts	Allow direct write-off method if bad debt expense is not expected to be material; estimate an allowance for doubtful accounts and use of the allowance method if bad debt expense is expected to be material for the accounting period. If total bad debt expense would be immaterial were not for a limited number of accounts receivable sub-accounts with material bad debt expense then the allowance method need only be applied to those materially affected sub-accounts.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 3	NAFSG L 2.0	Yes	4/23/2015	10/19/2018	Yes	4/23/2015	11/2/2018	Yes	4/23/2015	10/31/2018	Yes	4/23/2015	11/2/2018
3	Use of Amortization and Depreciation	Depreciate tangible assets; amortize intangibles	Complete - Posted to the NAF Accounting Website*	NONE - complete	N/A	None	NAFSG L 1.0	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018
4	Single Asset Capitalization Threshold	Single asset capitalization threshold to be set at \$2,500 and an asset life expectancy of two years or more. A stricter interpretation is acceptable.	Complete - Posted to the NAF Accounting Website*	NONE - complete	N/A	None	NAFSG L 2.0	Yes	9/18/2014	11/15/2018	Yes	9/1/2014	11/2/2018	Yes	9/1/2014	10/31/2018	Yes	9/1/2014	11/2/2018
5	Asset Useful Lives	New standardized useful lives for depreciation; see table in position paper.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 3	NAFSG L 3.0	Yes	3/13/2018	9/20/2018	Yes	3/13/2018	9/20/2018	Yes	3/13/2018	9/20/2018	Yes	3/13/2018	9/20/2018
6	Capitalization of Assets Purchased in Quantity	Set minimum threshold for capitalization of assets purchased in quantity at a purchase cost equal to or greater than \$2,500. The assets should be identical items and have a life expectancy of two years or more. The use of a more stringent policy is acceptable.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 3	NAFSG L 2.0	Yes	9/18/2014	11/15/2018	Yes	9/24/2014	11/2/2018	Yes	9/24/2014	10/31/2018	Yes	9/22/2014	11/2/2018
7	Commercial Sponsorship	Include all donations and in-kind goods or services within commercial sponsorship category and record as operating income.	WG Discussion Completed	AF to comply or seek exception. Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 7	NAFSG L 3.0	No	4/1/2014	9/20/2018	Yes	4/1/2014	9/20/2018	Yes	4/1/2014	9/20/2018	Yes	4/1/2014	9/20/2018
8	Credit Card Receivables	Remove Merchant Credit Card sales account, and use cash for all credit card revenues.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 3	NAFSG L 3.0	Yes	Oct-14	9/20/2018	Yes	Oct-14	9/20/2018	Yes	9/24/2014	9/20/2018	Yes	9/22/2014	9/20/2018
9	Classification of Exchange Dividend Income	Treat dividend income received from AAFES, NEXCOM, & MCX as non-operating income.	Complete - Posted to the NAF Accounting Website*	NONE - complete	N/A	None	NAFSG L 1.0	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018	Yes	4/1/2014	8/23/2018
10	Extraordinary Items	Remove the concept and separate presentation of Extraordinary Items. Disclosure of a single Net Income figure rather than any net income before infrequent and/or unusual items account.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update. <b>Update: Propose that paragraph 6.4.2.2. of DoDI 1015.15 be moved to and adjudicated with the FMR.</b>	GT/OSD	FMR Volume 13, Chapter 7 1015.15	NAFSG L 3.0	Yes	3/13/2018	10/19/2018	Yes	3/13/2018	11/2/2018	Yes	3/13/2018	10/31/2018	Yes	3/13/2018	11/2/2018
11	Prior Period Adjustments	Prior period changes greater than one percent (1%) of the assets in the consolidated balance sheet, a prior period adjustment should be performed. If a prior period adjustment does not meet this one percent (1%) criteria but is deemed material, the Service may make a prior period adjustment.	WG Discussion Completed	Pending 1015.15 update. <b>Update: Propose that paragraph 6.4.2.4. of DoDI 1015.15 be moved to and adjudicated with the FMR.</b>	GT/OSD	1015.15	NAFSG L 2.0	Yes	9/17/2014	9/20/2018	Yes	9/24/2014	9/20/2018	Yes	9/1/2014	9/20/2018	Yes	9/22/2014	9/20/2018
12	Salvage Value	Subtract an asset's salvage value from its cost when determining the asset's depreciable basis if the salvage value exceeds 10 percent of the asset's cost. Salvage value can be ignored if it is less than 10 percent of the cost.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR	NAFSG L 2.0	Yes	3/26/2015	10/19/2018	Yes	3/26/2015	11/2/2018	Yes	3/26/2015	10/31/2018	Yes	3/26/2015	11/2/2018
13	Ticket Sales	Consignment tickets are not to be included in the Services' inventory; revenue related to consignment tickets should be recognized when the tickets are sold to a third party. Tickets purchased by a Service for resale should be recorded in the general ledger as inventory at the time of purchase with revenue being recognized once the tickets are resold to a third party.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13, Chapter 3	NAFSG L 2.0	Yes	10/1/2014	9/20/2018	Yes	10/1/2014	9/20/2018	Yes	10/1/2014	9/20/2018	Yes	10/1/2014	9/20/2018

14	Uniform Funding and Management (UFM)	Record UFM by posting a debit to Cash and credit to Unearned Income UFM when cash is received; debit Expense and credit Cash when expense is incurred; finally, on a monthly basis debit Unearned Income UFM and credit Income UFM to recognize the UFM revenue for all eligible reimbursements incurred during that month.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update.	<u>GT/OSD</u>	FMR Volume 13, Chapter 5 1015.15	NAFSLG 3.0	Yes	Oct-14	11/15/2018									
15	Direct and Indirect Overhead/Common Support Definition	Align definition in DoDI 1015.15 with definition used in OP-34 budget exhibit "Quality of Life". See position paper for definitions.	WG Discussion Completed	Pending update to 1015.15.	<u>GT/OSD</u>	1015.15	NAFSLG 3.0	Yes	6/21/2019										
16	Other Service Managed Revenue	Recommend treating as collaborative arrangement. Primary Service to record all related revenues at gross and all related costs. Primary Service to record amount due to other Services as operating expense. Other Services to record as Collaborative Arrangement Revenue.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR	NAFSLG 3.0	Yes	10/25/2018		Yes	12/13/2018		Yes	10/25/2018		Yes	10/25/2018	12/13/2018
17	Depreciation Allocation	Recommend recording depreciation at MWR Activity level as a period cost that is directly tied to the Activity(ies) for which it is used. Depreciation costs related to assets used at installation level are to be kept at installation level. Depreciation costs related to assets that primarily support overhead functions are to be recorded within overhead at the Regional/HQ level.	<b>Complete - Posted to the NAF Accounting Website*</b>	<b>NONE - complete</b>	N/A	None	NAFSLG 3.0	Yes	6/21/2019		Yes	6/21/2019		Yes	6/21/2019		Yes	10/25/2018	
18	Workers' Compensation Classification	Recommended accounting for Workers' Compensation relating to uninsured, or self-insured risks occurring on or before the balance-sheet date as a probable loss contingency.	<b>Complete - Posted to the NAF Accounting Website*</b>	<b>NONE - complete</b>	N/A	None	NAFSLG 3.0	Yes	12/13/2018		Yes	1/7/2019		Yes	11/15/2018		Yes	12/13/2018	
19	Cost of Goods Sold	Added Cost of Goods Sold GLAC to NAFSLG chart of accounts to be used in conjunction with the perpetual inventory accounting method. Purchases and Purchases Discounts and Allowances are to be used in conjunction with the periodic inventory accounting method.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR Volume 13, Chapter 5	NAFSLG 2.0	Yes	6/3/2015	10/19/2018	Yes	5/14/2015	11/2/2018	Yes	7/7/2015	10/31/2018	Yes	5/18/2015	11/2/2018
20	Depreciation as an Operating Expense	Classify depreciation as an operating expense.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update. <b>Update: Propose that paragraph 6.4.2.6. of DoDI 1015.15 be moved to and adjudicated with the FMR.</b>	<u>GT/OSD</u>	FMR Volume 13, Chapter 5, 1015.15	NAFSLG 3.0	Yes	3/13/2018	10/19/2018	Yes	3/13/2018	11/2/2018	Yes	3/13/2018	10/31/2018	Yes	3/13/2018	11/2/2018
21	Artifacts	Expense any costs incurred in acquiring artifacts as a non-operating expense, with no asset recognized or depreciated. Additionally, donated artifacts should not be included in the financial statements, unless the NAFI 1) uses or intends to use the artifact in its primary operations outside of its educational function, 2) the NAFI sells or intends to sell the artifact and use the proceeds for something other than purchasing another artifact for educational purposes.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR Volume 13, Chapter 3	NAFSLG 1.0	Yes	1/17/2014	10/19/2018	Yes	1/17/2014	11/2/2018	Yes	1/17/2014	10/31/2018	Yes	1/17/2014	11/2/2018
22	Capital Project Accounting	Recommend use of Restricted Cash account for legally restricted cash only and addition of GLAC "Capital Projects Reserve" for funds set aside for projects that are not legally restricted.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR Volume 13, Chapter 3	NAFSLG 1.0	Yes	2014	10/19/2018	Yes	2014	11/2/2018	Yes	2014	1/8/2019	Yes	2014	6/21/2019
23	Certificate of Deposit Maturity Treatment	CD's with maturities of 3 months or less are to be reported as a cash equivalent; CD's with maturity over 3 months are to be reported as marketable security/investment.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR Volume 13, Chapter 3	NAFSLG 1.0	Yes	2014	10/19/2018	Yes	2014	11/2/2018	Yes	2014	10/31/2018	Yes	2014	11/2/2018
24	Fully Depreciated Buildings	Fully depreciated buildings are to be maintained throughout the life of the buildings on the NAF accounting books until the asset is disposed of either through a sale or retirement.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	<u>OSD</u>	FMR Volume 13, Chapter 3	NAFSLG 3.0	Yes	2014	10/19/2018	Yes	2014	11/2/2018	Yes	2014	10/31/2018	Yes	2014	11/2/2018

25	Revenue from Goods vs. Revenue from Services	Gross Sales Account will be changed to Revenue from Goods Sold and only include sales revenue from sale of goods, both physical and electronic goods. Participation Fee Revenue Account will be changed to Revenue from Services Provided and include the reporting of revenue from services provided and participation fee revenue earned by providing an activity to a service member irrespective of how the Services record the revenues internally. The Services have the option to record revenue from services separately from participation fee revenue internally as long as both amounts are included in the Revenue from Services Provided GLAC for OSD reporting purposes. Cost of Goods Sold account will remain the same; only including the cost of inventoriable goods sold. There will not be a Cost of Services Provided GLAC.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR	NAFSGL 3.0	Yes	11/15/2018		Yes	11/15/2018		Yes	1/8/2019		Yes	11/15/2018	
26	Donations In-Kind	Recommend updating FMR to state donations of assets and services material to financial statements are to be reported on the financials.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR	NAFSGL 3.0	Yes	11/15/2018		Yes	1/7/2019		Yes	11/15/2018		Yes	12/13/2018	
28	Discontinued Operations	Account for BRAC closures as discontinued operations. Additionally, follow the principle that cash flows (costs or revenues) with a causal relationship to the closure of the base should be included in the calculation of discontinued operations.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update. <b>Update: Propose that paragraph 6.4.2.2. of DoDI 1015.15 be moved to and adjudicated with the FMR.</b>	GT/OSD	FMR Volume 13, Chapter 3, 1015.15	NAFSGL 3.0	Yes	10/25/2018										
30	Flexible Spending Account	Add a Flexible Spending Account Payable and a Flexible Spending Account Administrative Expense to the NAFSGL. Upon expiration of the FSA account for a particular employee who did not use all of the savings accumulated in the account by year-end, the expired portion of the FSA, which is a liability on the employers' books, will be closed out with a gain.	WG Discussion Completed	Pending OSD submission to DFAS for FMR update.	OSD	FMR Volume 13	NAFSGL 3.0	Yes	12/13/2018		Yes	12/13/2018		Yes	10/25/2018		Yes	10/25/2018	
31	Treatment of Assets purchased with MOA/UFM Funds	Recommend expensing assets purchased with MOA/UFM. Further, recommend that the DoDI 7600.06 be changed to state that NAFIs are to be audited according to the FMR and DoDI 1015.15.	WG Discussion Completed	Pending 1015.15 and 7600.06 update and OSD submission to DFAS for FMR update. <b>Update: Changed the language in the draft update of DoDI 1015.15 to align with GAAP and intent of the UFM statute.</b>	GT/OSD	FMR Volume 13, Chapter 3, 1015.15 and 7600.06	NAFSGL 3.0	Yes	10/25/2018										
32	Recycling and MWR	Recommend updating 1015.15, FMR, and NAFSGL to specifically exclude Recycling program as an MWR activity.  Also, residual revenues received from recycling activities should be treated similar to an exchange dividend, as both are outside sources of NAF funds. As such, the revenue will be non-operating revenue.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update. <b>Update: Draft update of DoDI 1015.15 has a section on recycling and states that it is not an MWR activity.</b>	GT/OSD	FMR and 1015.15	NAFSGL 3.0	Yes	12/13/2018		Yes	12/13/2018		Yes	12/13/2018		Yes	12/14/2018	
33	Stale checks	Recommend all Services require direct deposit for employees. Additionally recommend using timeframe of 1 year to keep outstanding checks in liability account and then remit money to the debtor's State with option to be more restrictive.	WG Discussion Completed	Pending update to 1015.15 and OSD submission to DFAS for FMR update. <b>Draft update of DoDI 1015.15 has a statement that encourages the use of direct deposit.</b>	GT/OSD	FMR and 1015.15	NAFSGL 3.0	Yes	12/13/2018		Yes	10/25/2018		Yes	10/25/2018		Yes	10/25/2018	
34	Unemployment Insurance	Recommend accruing liability monthly or quarterly based on historical performance and adjust liability when bill is received. Recommend expense is recorded within subaccount of Other Employee Benefit Expense.	Complete - Posted to the NAF Accounting Website*	NONE - complete	N/A	None	NAFSGL 3.0	Yes	2/21/2019	9/19/2019	Yes	1/7/2019	9/19/2019			9/19/2019	Yes	12/13/2018	9/19/2019

\*NAF Accounting Website Link: <https://www.dodnafaccounting.defense.gov/>