

**Instructions for Completing Fleet and Family Readiness
Nonappropriated Fund Budgets – N91, N92, N94, N95, & N96**

1. The Fiscal Year (FY-25) budget guidance will be posted on the Morale, Welfare and Recreation (MWR) website at https://www.navymwr.org/resources/finance/apf_naf. The budget package is also available via the same website. All budgets must be entered in Systems Applications Processing (SAP). Draft financial budget information should be completed using FY-25, Version 0 of the SAP Planning module. The uploaded documents contain the budget call and instructions for preparation for N91, N92, N94 and N95.
2. Headquarters (HQ) – Refer to Exhibit (1) for specific requirements related to HQ budgets
3. War Fighter Services (N91) – Refer to Exhibit (2) for specific requirements for N91.
4. Navy Wounded Warrior (N95) – Refer to Exhibit (3) for specific requirements for N95.
5. Child and Youth Programs (N96) – Specific budget guidance and program funding are provided in Exhibits (4) and (4a). CYP has an Inter-company relation with MW. Fair share support costs should be budgeted as a credit in 531600 “Inter-company Revenue Business Office Support” for MW with a debit to 741689 “Inter-company Business Office CYP Support UFM” for labor support and 741089 “Intercompany Expense UFM for non-labor support” in the CYP cost center.
6. The primary goal of the FY-25 budget is to continue providing high-quality, properly sized, customer-focused and financially responsible Fleet and Family Readiness (FFR) programs for Sailors and their families. To accomplish this, Regions must assess availability of appropriated fund (APF) resources, Navy Program standards, nonappropriated fund (NAF) revenue streams and the efficiency, and alignment of common support functions. Overall, the NAF goal for each Region is to create a realistic and achievable budget that is at least breakeven net income after depreciation, and Navy Exchange (NEX) and Army Air Force Exchange Services (AAFES) dividends. Failing to achieve breakeven net income reduces funding that should be available for capital requirements by diverting depreciation cash flow to support operations. Additionally, the following guidance is in effect:
 - APF resources that are to support specific programs shall be executed within that program exclusively. In order to maximize APF support, installations with pools, gyms, fitness centers, libraries and other CAT A and B programs with multiple locations should consider the efficiency and necessity of continuing to operate and whether consolidation or closure can be accomplished. APF support for overhead expenses are to be minimized. Uniform Funding Management (UFM) offsets shall not exceed controls.
 - There will be no centrally funded MWR NAF operational grants to offset shortfalls in NEX Dividends or APF controls.
 - FY25 will include grants for depreciation recorded to the installation level for Cat B/C assets and for depreciated recorded direct to Cat C activities. Depreciation should be

budgeted as usual in the appropriate cost center with an equal amount in grant revenue G/L account 562000.

- Community Recreation and Sailor Adventure Quest (SAQ) programming grants will continue on a limited basis but should not be budgeted due to uncertainty of approvals and amounts funded.
- Net profit for all Category C activities should be in line with targets found in CNICINST 1710.3 Chapter 25. Category C ‘operating profit’ may need to be higher to ensure the overall fund achieves breakeven net income. Regions should note that Category C profitability continues to be an evaluation factor in the N92 MWR Accreditation Program.
- Regions should continue efforts to create common support efficiencies across all N9 programs through efficient processes, consolidations and elimination of redundancies with an intent to maximize funding to field level programs.
- NAF maintenance crews should be fully supported by Category C activities or approved NAF project funds.
- New NF-04/05 position that are considered overhead expense are not authorized.
- Backfill of MWR NF-04/05 positions without CNIC N9 approval is not permitted with the exception of NF-04 positions included in the program standards.
- GS to NAF conversions are not permitted without prior review/concurrence by CNIC N9. The expected inflation rate for FFR should not exceed 2.1%.
- Provide a 5-Year Financial Plan using FY-25 as the base-year, format included in the FY25 Total Fund excel file as part of the budget package. When projecting the out-years, consider any future planned personnel changes and pending installation loading projections. Current FYDP shows a 3.2% decrease in APF support FY-26 with the following increases for the out years, FY26 1.1%, FY27 2.9%, FY28 2.1%, FY29 2.2%. Minimum wage funding is included in the FY25 controls.

2025	2026	2027	2028	2029
\$323,000	\$312,679	\$316,180	\$325,200	\$332,089

- Restricted Cash detail is included in the FY25 Total Fund excel file – The Restricted Cash tab must include all projects. Please explain restricted cash allocated to Cat A and Cat B projects in column M. The restricted cash tab must reflect the region IPL for the budget year along with equipment assets (cost \$2,500 or more).
- Essential Station Messing Operations (ESM) - Please refer to Exhibit (11) for the new ESM Manual. The manual is currently awaiting signature and will be added to the MWR budget folder as soon as it is available.
- Review all 2492 MOA’s to ensure the agreements provide a benefit to the NAFI.

- Match expenses by budgeting in the period the expense is expected to occur. Do not spread the expense equally over twelve months unless it is a monthly expense or will be recorded as a prepaid expense and amortized over the period covered by the invoice.

7. FY-25 will include NEX dividends. Dividend distribution will be provided under separate cover. The method of distribution will follow MWR EMS requirements model.

8. Exhibits (5) and (5a) provides accounting changes to be considered when developing NAF budgets. Exhibit (5a) is specific to changes for the community recreation breakout of activity 55 for tickets and tours.

Downloaded benefit costs for FY-25 are itemized in Exhibit (5).

- No anticipated changes to download rates. However, the FERS rate is published in April and could change again. This information will be forwarded separately if there is a change.
- Total benefits, including downloaded costs for full-time employees, annual leave, Federal Insurance Contributions Act and sick leave, are estimated to be 35% of salaries.

9. Exhibit (6) includes rate structure and guidance for Recreational Lodging (Navy Getaways). This includes the MWR RV Parks (09), Vacation Rentals (12) and Camp Sites (07).

10. Regional Facilities Project Manager positions will be reimbursed for Salaries and Benefits (GL's 601000-634001). All other associated expenses are the responsibility of the Region. This includes CNRSE, CNRJ, CNRMA, CNRE, CJRM.

11. Regions will continue to budget for the cost of NAF EEO investigations. Trend data for FY19-FYTD24 investigation expenses can be requested through the CNIC NAF EEO Office if needed to support projections. POC is Keyshia Porter at (901) 573-3477 or email: gaelakeyshia.d.porter.naf@us.navy.mil.

12. Regions should plan for a general Cost Of Living Adjustment (COLA), and conduct performance bonuses and/or salary adjustments in a consistent manner. The following is provided as a proposed baseline for FY-25 budget preparations for labor:

- FY-25 COLA increase of 2% should be planned.
- FY-25 Performance Based Pay Adjustments may be planned at each Region's discretion at no more than 2% of aggregate salaries within your business unit. Ensure that your budget goals can absorb a performance-based pay adjustment.
- FY-25 Cash Awards may be planned at each Region's discretion but are capped at no more than 2.5% of aggregate salaries for FY-24 within your business unit. The G/L accounts that should be used to calculate the 2.5% are 601000, 602000, 606000, 606100, 622000, 622001, 623000, 623001, and 623002.

- NOTE: This information is strictly for budget preparation guidance and may change as clarifying information is later received (any changes will be communicated as soon as received).
- Commander, Navy Installations Command point of contact for compensation questions is Linda Turner at (901) 874-6716, DSN: 882-6716, or email: linda.i.briscoeturner.naf@us.navy.mil.

13. Submit the final budget package via ETMS2 by 28 Jun 2024. Before consolidating and forwarding budgets, Regional Commanders should review and approve the NAF budgets using the following guidelines:

- Installations should budget at least breakeven net income. Most importantly, budgets should be realistic and achievable. Regions should identify any installation(s) unable to meet this requirement and contact N92 prior to submission of the budget for program specific recommendations.
- Growth in budgeted expenses greater than 2.1% should be justified in the narrative.
- Budget to actual variance analysis will continue in FY-25. Explanations for variances greater than 3% will be required. This will require mitigations throughout the year to be able to meet the overall full-year budget performance.
- Indirect APF support executed through UFM must be reflected in the NAF budget. Other pertinent information regarding APF allocations follows:
 - Region APF control guidance will be provided under separate cover.
 - It will be essential to review all contracts to ensure Navy delivered services are meeting standards and customer requirements.
 - UFM must only be used for expenses for which APF is authorized. As such, UFM is not authorized for any patron giveaway items with an intrinsic value to the customer. This includes, but is not limited to, shirts, hats, bags, food, prizes, gift certificates/cards, etc.
 - All APF executed through UFM shall be expensed in a program Cost Account Code (CAC), according to HQS provided Net Zero templates, with minimal use of Management Overhead CACs.
 - Additional APF execution direction will be provided in the FY-25 CNIC N8 Business Rules.
- For additional program specific guidance regarding UFM, refer to the following:
 - Exhibit 2 – WFS. POC - Jimmie Goss
 - Exhibit 3 – NWW. POC – Brad Fletcher
 - Exhibits 4 and 4a – CYP. POC - Pam Morris
 - Exhibit 6 – Rec Lodging. POC Joann Reyes

14. Points of contact for the NAF budget submission (N91, N92, N94, and N95) are listed below:

- Tim Pritchard at (901) 874-6598, DSN: 882-6598 or email:
timothy.r.pritchard.naf@us.navy.mil
- Joyce Wright (APF Controls) at (202) 433-4651, DSN: 288-4651 or email
joyce.a.wright26.civ@us.navy.mil
- Jimmie Goss (N91) at (901) 874-4327, DSN: 882-4327 or email
jimmie.l.goss.naf@us.navy.mil
- Brad Fletcher (N95) at (202) 433-9462, DSN 288-9462 or email:
bradley.b.fletcher3.naf@us.navy.mil
- Pam Morris (CYP) at (901) 229-3392 or email:
pamela.a.morris4.naf@us.navy.mil
- Joann Reyes (Rec Lodging) at (202) 433-4962, DSN 288-4962 or email:
joann.f.reyes.naf@us.navy.mil