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(b) Use is limited to expenses consistent with the purpose and function of the fund, and is not to be expended in any way that is, or appears to be, improper or contrary to Army interests.

(c) Compliance with AR 600-50 is to be observed when participating in private organizational activities and when expending informal funds.

(d) Commanders are to ensure that personnel are aware of Army policy regarding private organizations and may establish more specific policy and procedures for private organizational activities and informal funds on their installations.

POLICY

§ 556.7 Overview.

(a) POs are not NAFIs, so they are not entitled to the special immunities and privileges given NAFIs.

(b) POs are not entitled to, and will not receive, DA endorsement by virtue of their contributions to the military installation, their espousal of DA goals and objectives, their support of the military community, or for any other reason.

(c) There is no official relationship between PO activities and official duties and responsibilities of DOD personnel who are PO members or participants.

(d) POs are not part of the military organization, so they receive only limited Government supervision.

(e) POs operate on a financially and operationally self-sustaining basis, except for support authorized in chapter 4.

(f) Neither the Federal Government nor its NAFIs have any vested interest in the assets of a PO. Nor will either make any claim to PO assets or incur or assume any obligation of a PO.

(g) Installation commanders may acquire for the installation (under DA policy and applicable Federal laws) property—

(1) Abandoned by a PO due to its disestablishment.

(2) Given to the installation by the PO. (See AR 1-100.)

(h) POs will follow all laws governing comparable private sector activities. (See § 556.13)

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(i) DA interest in the operations of POs is due only to their—

(1) Location on DA installations.

(2) Relationships with both the Federal and private sectors.

(3) Activities that support recognized programs that benefit the DOD family.

(4) Responsibilities as employers.

§ 556.8 Restrictions.

(a) No PO will use or include in its title, logo, or letterhead—

(1) The name or seal of DOD or the acronym "DOD."

(2) The name, abbreviation, or seal of any military department or Service.

(3) The seal, insignia, or other identifying device of the local installation. The installation commander may authorize an exception to this restriction if clear identification is needed, provided official DOD sponsorship or endorsement is neither stated nor implied.

(b) Activities of POs will in no way prejudice or discredit DOD components or other agencies of the Federal Government.

(c) A PO will not duplicate or compete with a NAFI or APF governmental function on a DA installation.

(d) All PO functions and expenditures must be authorized by the local PO's constitution by bylaws. Only the PO will choose its specific functions and expenditures. DOD personnel acting in an official capacity will not influence these choices.

(e) A PO will not be created, operated, or administered by DOD personnel acting in an official capacity or on behalf of an official purpose to evade restrictions on expenditures of APFs or NAFs.

(f) A PO will not be created, operated, or administered for a commercial purpose.

(g) POs will not engage in the resale of alcoholic beverages at any time.

§ 556.9 PO employment and membership practices.

(a) POs must follow all labor laws that apply to private sector employment. POs will not be allowed to operate on DA installations if their employment practices discriminate based on—

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(1) Sex, age, religion, race, color, national origin, or marital status;

(2) Lawful political affiliation;

(3) Labor organization membership; or

(4) Physical handicaps.

(b) POs will not discriminate in membership on the basis of race, color, sex, national origin, or religion. This does not preclude the existence of religious, cultural, or ethnic POs when—

(1) Their membership is not restricted or discriminatory;

(2) Similar religious, cultural, or ethnic POs are approved without preference.

(c) The installation commander may approve the operation of certain POs that restrict membership to one sex. One or more of the following must apply:

(1) The PO's purpose is philanthropic and, by tradition, its membership has been of one sex.

(2) The PO's purpose and function is to benefit one sex, and its membership is composed of that sex. (Examples are scouting organizations or women's and men's sports associations.)

(3) The PO has a specific purpose and function that restricts membership to one sex, but also has a counterpart organization with the same purpose and function. (Examples are women's and men's sports clubs, women's and men's civic associations, boy/girl scouting organizations.)

(d) PO membership campaigns and recruitment practices will neither involve nor give the appearance of involving compulsion, coercion, or influence. (See AR 600-50 and AR 600-20.) Prohibited activities include the following:

(1) Repeated petitions, orientations, or counseling of persons who have chosen not to join a PO.

(2) Use of membership statistics by supervisors to influence nonmembers.

(3) Compilation of by-name lists of nonmembers.

§ 556.10 Insurance.

(a) When appropriate, POs will obtain adequate insurance as protection against public liability claims, property damage claims, or other legal actions arising from activities of the PO,

or one or more of the PO's members acting on its behalf.

(b) Insurance will be appropriate when PO activities or functions expose the public to possible risk.

(c) Insurance (such as fidelity or fire insurance) of PO assets is the responsibility of each PO.

§ 556.11 Audit.

POs with gross annual revenue of \$1000 or more will be audited at least once every 2 years. The following provisions apply:

(a) POs using a double entry accounting system, regardless of source of income over \$1000, will be audited by a qualified auditor. (See definition in glossary.)

(b) POs using a single entry accounting system will be audited as follows:

(1) With income only from contributions dues, and assessments, by either a PO member who holds no office and is at least 18 years of age, or a qualified auditor.

(2) When they engage in resale or fundraising activities, by either an appointed committee of three PO members who hold no offices, or a qualified auditor.

(c) Type 2 POs with financial statements audited annually by their national headquarters may submit a copy of such an audit. If not audited by their national headquarters, the provisions of paragraphs (a) and (b) of this section.

§ 556.12 Taxes.

POs must comply with all Federal, State, and local tax laws. POs must seek private counsel or contact proper tax officials to ensure compliance with all tax laws. POs located overseas will obtain a statement of clarification from the local office of the Staff Judge Advocate (SJA).

(a) Federal income tax. Certain types of POs (for example, charitable, religious, educational, or scientific) may qualify for exemption from Federal income tax under section 501 of the Internal Revenue Code. Type 2 POs, in which national organizations control taxes for all local chapters, must provide a statement to this effect; it must be signed and notarized by the national headquarters. All other POs will obtain