The Stars And Stripes Nonappropriated Fund

Financial Report
September 30, 2010

Contents

Independent Auditor's Report On The Financial Statements	1
Financial Statements	
Balance Sheets	2 – 3
Statements Of Operations And Changes In Fund Balance	4
Statements Of Cash Flows	5
Notes To Financial Statements	6 – 10
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*	11 – 12

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

Independent Auditor's Report

To the Commander/Publisher
The Stars and Stripes
Washington, D.C.

We have audited the accompanying balance sheet of the nonappropriated fund (NAF) of The Stars and Stripes (S&S) as of September 30, 2010, and the related statements of operations and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of S&S's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of S&S for the year ended September 30, 2009, were audited by other auditors whose report, dated February 12, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Stars and Stripes' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the nonappropriated fund of The Stars and Stripes as of September 30, 2010, and the results of its operations and changes in fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 24, 2011, on our consideration of the nonappropriated fund of The Stars and Stripes' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The report on internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters of S&S for the year ended September 30, 2009, were reported on by other auditors whose report is an integral part of their audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of their audit.

McGladrey & Pullen, LLP

Vienna, Virginia
February 24, 2011

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The Stars And Stripes Nonappropriated Fund

Balance Sheets
September 30, 2010 And 2009

Assets	**2010**	2009
Current Assets		
Cash	**$ 18,605,439**	$ 11,776,838
Less cash – sinking fund	**(643,116)**	(323,960)
Net cash	**17,962,323**	11,452,878
Receivables		
Trade, net of allowance for doubtful accounts of (2010 – $382,330; 2009 – $625,233)	**2,103,368**	2,564,099
Nontrade	**2,976,849**	8,265,964
Inventories	**153,601**	134,919
Prepaids and other current assets	**406,203**	681,957
Total current assets	**23,602,344**	23,099,817
Property And Equipment, net	**4,516,175**	5,032,711
Other Assets		
Intangible asset	**85,000**	85,000
Cash – sinking fund	**643,116**	323,960
Total other assets	**728,116**	408,960
Total assets	**$ 28,846,635**	$ 28,541,488

See Notes To Financial Statements.

Liabilities And Fund Balance	**2010**	2009
Current Liabilities		
Accounts payable	**$ 2,188,628**	$ 2,576,038
Accrued expenses	**1,286,766**	1,095,043
Accrued payroll	**1,712,863**	1,209,040
Deferred revenue and deposits	**126,333**	1,272,886
Total current liabilities	**5,314,590**	6,153,007
Long-Term Liabilities		
Accrued moving and return travel	**923,692**	1,028,490
Total liabilities	**6,238,282**	7,181,497
Fund Balance	**22,608,353**	21,359,991
Total liabilities and fund balance	**$ 28,846,635**	$ 28,541,488

The Stars And Stripes Nonappropriated Fund

Statements Of Operations And Changes In Fund Balance
Years Ended September 30, 2010 And 2009

	2010	2009
Revenue:		
Advertising	**$ 13,540,665**	$ 13,896,823
Newspaper circulation	**11,644,439**	9,158,954
Other newspapers	**218,092**	270,060
Unit newspapers	**62,683**	54,563
Job printing	**1,184,047**	1,153,719
Interest income	**403,157**	347,433
Other income	**267,850**	1,328,016
Total revenue	**27,320,933**	26,209,568
Expenses:		
Editorial	**3,536,115**	4,004,850
Production	**8,323,938**	4,615,760
Other newspapers	**129,313**	154,799
Advertising	**5,274,370**	6,294,881
Job printing	**818,446**	719,887
Selling and distribution	**2,977,234**	4,853,141
General and administrative	**5,013,155**	4,971,277
Total expenses	**26,072,571**	25,614,595
Net change in fund balance	**1,248,362**	594,973
Fund balance:		
Beginning	**21,359,991**	20,765,018
Ending	**$ 22,608,353**	$ 21,359,991

See Notes To Financial Statements.

The Stars And Stripes Nonappropriated Fund

Statements Of Cash Flows
Years Ended September 30, 2010 And 2009

	2010	2009
Cash Flows From Operating Activities		
Net change in fund balance	**$ 1,248,362**	$ 594,973
Adjustments to reconcile net change in fund balance to net cash provided by operating activities:		
Depreciation	**1,168,513**	1,434,643
Loss on disposal	**1,843**	41,897
Changes in assets and liabilities:		
(Increase) decrease in:		
Trade receivables	**460,731**	347,856
Nontrade receivables	**(280,798)**	130,790
Inventories	**(18,682)**	(14,532)
Prepaids and other current assets	**275,754**	(127,002)
Increase (decrease) in:		
Accounts payable	**(387,410)**	(312,647)
Accrued expenses	**191,723**	(408,836)
Accrued payroll	**503,823**	78,169
Deferred revenue and deposits	**(1,146,553)**	(1,191,322)
Accrued moving and return travel	**(104,798)**	(223,958)
Net cash provided by operating activities	**1,912,508**	350,031
Cash Flows From Investing Activities		
Additions to property and equipment	**(653,820)**	(1,327,423)
Proceeds from sale of property and equipment	**-**	5,784
MWR USA/UFM reimbursement, net	**5,569,913**	(808,260)
Net cash provided by (used in) investing activities	**4,916,093**	(2,129,899)
Net increase (decrease) in cash	**6,828,601**	(1,779,868)
Cash		
Beginning	**11,776,838**	13,556,706
Ending	**$ 18,605,439**	$ 11,776,838

See Notes To Financial Statements.

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The Stars and Stripes (S&S) is a Category B revenue producing nonappropriated fund instrumentality of the United States Government. Its mission is to publish and distribute daily newspapers to the U.S. military community located outside the continental United States.

A summary of S&S's significant accounting policies follows:

Basis of accounting: The S&S presents its financial statements under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash: The statement of cash flows is prepared on the basis of total cash, including sinking fund cash (See Note 2).

Financial credit risk: The S&S maintains cash balances in bank deposit accounts, which, at times, may exceed federally insured limits. The S&S has not experienced any losses in such accounts.

Receivables: Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No interest is charged on outstanding receivables.

Inventories: Newsprint and other inventories are stated at the lower of cost (first-in, first-out method) or market.

Intangible asset: The intangible asset is a trademark that has an indefinite life and therefore, is not amortized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, *Intangibles – Goodwill and Other.*

Property and equipment: Stars and Stripes property and equipment are stated at cost. Stars and Stripes capitalizes all property and equipment, purchased with nonappropriated funds, with useful lives in excess of one year and values over $2,500. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The range of lives over which property and equipment are being depreciated is as follows:

Buildings	15 to 40 years
Buildings improvements	5 to 30 years
Furniture, fixtures and equipment	2 to 10 years
Electronic equipment	2 to 10 years
Vehicles	2 to 7 years

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Stars and Stripes accounts for the valuation of long-lived assets and certain identifiable intangible assets by reviewing for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Revenue recognition: Circulation revenue for newspapers sold directly to subscribers is based upon the retail rate. Circulation revenue for newspapers sold to independent newspaper distributors, which are subject to returns, is based upon the wholesale rate. Estimated returns are recognized as a reduction in circulation revenue at the time the newspaper is published. Returns are estimated based upon historical return rates and are adjusted based on the actual returns. Newspaper subscription revenue is recognized based upon the publication date of the newspaper. Revenues from prepaid newspaper subscriptions are deferred and are included in circulation revenue on a pro-rata basis over the term of the subscription.

Newspaper advertising revenue is recorded, net of agency commissions, when the advertisements are published in the newspaper. Website advertising revenue is recognized ratably over the contract period or as services are delivered, as appropriate. Rebates are recorded throughout the year as a reduction to advertising revenue based upon contract performance.

Foreign currency translation: S&S's functional currency is the U.S. dollar. Sales and expenses transacted in foreign currencies are translated at the average exchange rate in effect during each month. All realized and unrealized exchange gains or losses are included in results of operations. Balances in foreign currencies are translated into U.S. dollars using the rate applicable at the balance sheet date.

Moving and return travel: U.S. employees hired from the Continental United States (CONUS) are provided with allowances for transportation of persons and household goods from and back to the United States. At September 30, 2010 and 2009, S&S has accrued $923,692 and $1,028,490, respectively, for such allowances.

Home leave and allowances: Employees are entitled to home leave, vacation, and sick leave allowances. These are based on prescribed formulas which allow for the carryover of unlimited amounts of sick leave, up to 30 days of vacation leave for CONUS employees, and up to 45 days of vacation leave for outside CONUS employees. Certain local national employees can earn certain severance leave based on contractual terms and formulas.

Direct appropriated fund support: S&S receives certain support from U.S. Government Appropriated Fund (APF) activities without charge. This support is principally provided through the use of land and buildings, U.S. Military personnel assigned to S&S billets, and in the form of utilities, maintenance service, security, American Post Office transportation of bulk mail, and second destination transportation costs for delivery of newspapers. The value of this support is not readily available on a timely basis, nor is it susceptible to verification and therefore, is not disclosed in the financial statements.

Direct support that is capable of measurement consisted of approximately $965,428 and $822,385 for rent, remote printing, shipping, maintenance, equipment, and communication costs during the years ended September 30, 2010 and 2009, respectively.

All direct appropriated fund support is excluded from the nonappropriated fund financial statements.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Uniform Funding and Management (UFM) and Morale, Welfare, and Recreation USA Program (MWR USA): S&S received appropriated fund support through the MWR USA program. This program reimbursed the nonappropriated fund for authorized expenditures in providing appropriated fund services.

UFM was fully implemented as an Army-wide MWR initiative during 2007 and has therefore been adopted by S&S. It is an alternative means of executing fund support and provides for appropriated fund cashflow to the nonappropriated fund in advance of eligible appropriate fund expenditures, based on an executed memorandum of agreement. Unexpended UFM amounts, if any, are recorded as unearned income in the balance sheet.

Authorized services and expenditures include personnel services, supplies, newsprint purchases, furniture, fixtures, and equipment.

During the years ended September 30, 2010 and 2009, S&S received appropriated fund support of approximately $22,400,000 and $24,700,000, of which $2,852,942 and $8,074,345 was included in nontrade receivables at September 30, 2010 and 2009, respectively. At September 30, 2009, $1,094,426 of unearned UFM is included in deferred revenue and deposits on the accompanying balance sheet. There was no unearned UFM at September 30, 2010.

All appropriated fund support is excluded from the statement of operations and changes in fund balance.

Foreign National Employees Separation Pay Account (FNESPA): Appropriated funds are provided to the Foreign National Employees Separation Pay Account (FNESPA) for future European local national employee severance payment requirements. All severance payments for European local national employees will be funded with appropriated funds.

Income taxes: As an NAF instrumentality of the U.S. Government, S&S is exempt from the payment of federal income taxes. Further, S&S is under the jurisdiction of various Status of Forces Agreements and is exempt from payment of income and other taxes within the foreign countries in which it operates.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain items in the 2009 financial statements have been reclassified to conform to the 2010 presentation. Such reclassifications have no effect on net operations as previously reported.

Subsequent events: The S&S has evaluated subsequent events through February 24, 2011, the date on which the financial statements were available to be issued. Management has determined that there are no such subsequent events to report.

Note 2. Cash On Deposit With The United States Army Banking And Investment Fund (ABIF)

Included in the cash balances of $18,605,439 and $11,776,838 as of September 30, 2010 and 2009, respectively, was $17,298,614 and $10,389,939, respectively, maintained in the United States Army Banking and Investment Fund (ABIF). The ABIF acts as a pooling agent for all Army and certain Department of Defense nonappropriated activities and invests principally in the U.S. Treasury Securities, U.S. Government agency securities, and certificates of deposit. The rate of interest paid to depositors is determined periodically by ABIF management, and averaged 1.5% and 2.3% during the years ended September 30, 2010 and 2009, respectively.

S&S is required by regulations to maintain a minimum cash balance adequate to fund all planned and projected capital expenditures. Management has determined that $643,116 and $323,960, included in the ABIF balance at September 30, 2010 and 2009, respectively, was set aside as sinking fund cash for this purpose.

Note 3. Inventories

Inventories consist of the following as of September 30, 2010 and 2009:

	2010	2009
News print and news ink	**$ 75,618**	$ 49,278
Supplies	**77,983**	85,641
Total inventories	**$ 153,601**	$ 134,919

As discussed in Note 1 to the financial statements, appropriated fund support is provided for the purchase of newsprint inventory.

Note 4. Property And Equipment

Property and equipment is stated at historical cost and consists of the following as of September 30, 2010 and 2009:

	2010	2009
Buildings and improvements	**$ 871,225**	$ 853,394
Furniture, fixtures and equipment	**6,576,893**	5,754,527
Electronic equipment	**10,513,274**	11,138,853
Vehicles	**1,291,045**	1,276,343
Construction-in-progress	**47,320**	33,141
	19,299,757	19,056,258
Less accumulated depreciation	**14,783,582**	14,023,547
	$ 4,516,175	$ 5,032,711

Note 5. Government Of Japan Cost Sharing Agreement

In 1991, U.S. Forces Japan (USFJ) entered into the Indirect Hire Agreement (the Agreement) with the Government of Japan (GOJ), whereby, GOJ would reimburse USFJ for labor costs of Japanese local national workers covered under the Agreement, up to a budgeted limit computed based on headcount and average salary. These employees are now paid directly by GOJ. Furthermore, S&S obtained the services of Japanese local nationals (MLC employees) who were paid directly by GOJ. The total benefit to S&S, in salary terms, was estimated to be approximately $9,550,000 and $9,331,000 in 2010 and 2009, respectively. These costs are not included in the nonappropriated fund financial statements.

The Japanese local national employees employed under the Agreement are eligible for a Comparative Termination Allowance to be paid upon their separation from employment. The allowance is computed based on a formula stipulated in the Agreement and is subject to reimbursement by GOJ.

Note 6. Retirement And 401(k) Savings Plans

S&S participates in the U.S. Army Nonappropriated Fund Employee Defined Benefit Retirement Plan and 401(k) Savings Plan and contributes to the Plans for S&S employees. The employer rate of contribution was 6.5% of salary during the years ended September 30, 2010 and 2009. S&S incurred costs related to the Retirement Plan of $997,414 and $912,101 for the years ended September 30, 2010 and 2009, respectively, and incurred costs related to the 401(k) Savings Plan of $318,642 and $319,339 for the years ended September 30, 2010 and 2009. A portion of these expenses were paid for with appropriated funds and have been excluded from the non-appropriated fund financial statements.

The contributions to the U.S. Army Nonappropriated Fund Employee Defined Benefit Retirement Plan have been forecasted to be 7.0% of the salaries of eligible employees during the year ending September 30, 2011. The required rate of employer's contribution may be increased in the future periods to make up for a shortfall necessary to maintain the level of defined benefit the plan is obligated to pay.

Note 7. Contingencies

S&S is involved in legal proceedings arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings will have no material effect on the financial statements.

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Commander/Publisher
The Stars and Stripes
Washington, D.C.

We have audited the financial statements of the nonappropriated fund (NAF) of The Stars and Stripes (S&S), as of and for the year ended September 30, 2010, and have issued our report thereon dated February 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered S&S's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of S&S's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of S&S's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

There were no previously reported observations and recommendations made by the prior auditors to follow up on during the current reporting period.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters
As part of obtaining reasonable assurance about whether S&S's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain matters that we reported to management of S&S in a separate letter dated February 24, 2011.

This report is intended for the information of management, the Commander/Publisher and The Army audit Agency and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Vienna, Virginia
February 24, 2011

(Army) Supplemental Mission Program - Joint Service Stars and Stripes
Balance Sheet
For the Period Ending 30 September 2010 (FY 10)

ASSETS	
Current Assets	
Cash/Investments	$18,605
Receivables	5,080
Inventories	154
Other Current Assets	406
Total Current Assets	$24,245
Noncurrent Assets	
NAFI Owned Fixed Assets	$19,385
Less: Accumulated Depreciation	14,784
Net NAFI Owned Fixed Assets	$4,601
Government Titled Fixed Assets[1]	$0
Less: Accumulated Depreciation	$0
Net Government Titled Fixed Assets	$0
Other	0
Total Noncurrent Assets	$4,601
Total Assets	$28,847
LIABILITIES & NET WORTH	
Current Liabilities	
Accounts Payable	$2,189
Other	3,126
Total Current Liabilities	$5,315
Long Term Liabilities	
Loans Payable	$0
Other	924
Total Long Term Liabilities	$924
Total Liabilities	$6,238
Net Worth	$22,608
Total Liabilities & Net Worth	$28,847

[1]Real property and other fixed assets financed with Nonappropriated Funds and titled with the U.S. government.

Notes to Balance Sheet:
Stars & Stripes has no Government Titled Assets

(Army) Supplemental Mission Program - Joint Service Stars and Stripe
Reconciliation of Net Worth
For the Period Ending 30 September 2010 (FY 10)

Net Worth, Beginning:	$21,513
Additions to Net Worth:	
Net Income	$1,248
Grants Received	
Other Increases (specify)[1]	0
Total Additions	$1,248
Reductions to Net Worth:	
Net Loss	$0
Grants Disbursed	
Other Decreases (specify)[2]	153
Total Reductions	$153
Net Addition/Reduction to Net Worth	1,095
Net Worth, Ending	$22,608

(Army) Supplemental Mission Program - Joint Service Stars and Stripes
Statement of Income and Expense
For the Period Ending 30 September 2010 (FY 10)

	Current Year (FY 2010)		Prior Year (FY 2009)	
	Amount	Percent of Revenue	Amount	Percent of Revenue
Sales	$26,650	97.0%	$24,534	92.6%
Cost of Goods Sold (% of Sales) (Schedule A)	$6,881	25.8%	$8,691	35.4%
Gross Margin	$19,769	74.2%	$15,843	64.6%
Other Operating Income:				
Participation Fees and Charges		0.0%		0.0%
Dues and Assessments		0.0%		0.0%
Concessionaire Payments		0.0%		0.0%
Other	$0	0.0%	$0	0.0%
Total Other Operating Income	$0	0.0%	$0	0.0%
GROSS OPERATING INCOME	$19,769	72.0%	$15,843	59.8%
Operating Expenses (Schedule A)	$19,344	70.4%	$17,067	64.4%
OPERATING MARGIN	$425	1.5%	($1,224)	-4.6%
Other Income:				
Dividends		0.0%		0.0%
Grants		0.0%		0.0%
Other	$823	3.0%	$1,973	7.4%
Total Non-Operating Income	$823	3.0%	$1,973	7.4%
Other Expense (Schedule A)		0.0%		0.0%
NET INCOME BEFORE EXTRAORDINARY ITEMS	$1,248	4.5%	$749	2.8%
Extraordinary Income		0.0%		0.0%
Extraordinary Expense Items (Schedule A)		0.0%		0.0%
NET INCOME	$1,248	4.5%	$749	2.8%

USA support eliminated from :		
Other Operating Income and Operating Expenses	$ 23,472	$ 24,680
Total Revenue	$ 27,473	$ 26,507
Total Expenses (Schedule A)	$ 26,225	$ 25,758

(Army) Supplemental Mission Program - Joint Service Stars and Stripes
Schedule A to the Income and Expense Statement
For the Period Ending 30 September 2010 (FY 10)

($ in thousands)

Cost Expense Captions	APF	NAF
Military Personnel		n/a
Civilian Personnel (salaries & wages)	26	$3,248
Civilian Personnel (services & benefits)		2,089
Utilities & Rents	780	100
Communications	20	81
Sustainment, Restoration and Modernization (including APF minor construction)	92	32
Supplies & Equipment	0	105
Contractual Services	23,472	0
Travel of Personnel	13	221
Transportation of Things	4	13
Reimbursed Common Support		
NAF Depreciation		649
All Other Expenses	5	12,805
TOTAL EXPENSE	$24,413	$19,344
Capital Expenditure Captions		
Construction of Facilities:		
APF (MILCON)		n/a
NAF		
Equipment (investment type)	51	
TOTAL COSTS (less depreciation)	$24,464	$18,694

- See Cost of Goods Sold Schedule A for details
- MILPER includes both Army & Other Servides.

(Army) Supplemental Mission Program - Joint Service Stars and Stripes
Schedule A to the Income and Expense Statement - COGS
For the Period Ending 30 September 2010 (FY10)

($ in thousands)

Cost Expense Captions	APF	NAF
Military Personnel		n/a
Civilian Personnel (salaries & wages)		$440
Civilian Personnel (services & benefits)		225
Utilities & Rents		155
Communications		280
Sustainment, Restoration and		258
Supplies & Equipment		58
Contractual Services		0
Travel of Personnel		223
Transportation of Things		46
Reimbursed Common Support		
NAF Depreciation		519
All Other Expenses		4,677
TOTAL EXPENSE	$0	$6,881
Capital Expenditure Captions		
Construction of Facilities:		
APF (MILCON)		n/a
NAF		$0
Equipment (investment type)		$0
TOTAL COSTS (less depreciation)	$0	$6,362

The above expense items have been included in Cost of Goods Sold

(Army) Supplemental Mission Program - Joint Service Stars and Stripes
Statement of Cash Flows
For the Period Ending 30 September 2010 (FY 10)

	Current Year	Prior Year
Operating Activities: Net Income	$1,248	$749
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	$1,169	$1,215
Loss on Disposal of Fixed Assets		
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	$6,148	843
Decrease (increase) in inventories	($19)	(15)
Decrease (increase) in prepaid expenses	$463	(95)
Increase (decrease) in accounts payable	($387)	(313)
Increase (decrease) in unearned income	($43)	(80)
Increase (decrease) in other current liabilities	($944)	(2,508)
Other (specify)	$0	0
Total Adjustments	$6,386	($953)
Net Cash Provided by (Used In) Operating Actities	$7,634	($204)
Investing Activities:		
(Purchase of Fixed Assets)	($652)	($1,279)
Proceeds from the Sale of Fixed Assets	$0	0
Other (Specify)[1]	$0	0
Net Cash Used in Investing Activities	($652)	($1,279)
Financing Activities:		
Net Borrowing (Specify)		
(Payment of Dividends)		
Capital Grants		
Net proceeds from (payments on) other long-term liabilities		
Other (Prior Period Audit Adjustment to Retained Earnings)	(153)	
Net Cash Provided by (Used in) Financing Activities	($153)	$0
Net decrease/increase in cash and cash equivalents	$6,829	($1,483)
Cash and Cash Equivalents at Beginning of Year	$11,777	$13,260
Cash and Cash Equivalents at End of Year	$18,606	$11,777

(1) Write down of assets

NAFI EMPLOYEES' COMPENSATION & BENEFITS REPORT

Military Service: Joint Service
Program Group: Supplemental Mission Funds - Stars & Stripes Only
Category: Category B - Basic Community Support Activities

For the Year Ending: 30-Sep-10

A. NAFI EMPLOYEE COSTS	
1. All Employees in United States	
a. Payroll - TOTAL	$5,736,092
b. Benefits	
(1) FICA	443,605
(2) Retirement	437,593
(3) Other	1,674,124
TOTAL	$2,555,321
2. All Employees in Overseas Areas	
a. U.S. Citizens/Nationals	
(1) Payroll - TOTAL	$6,172,178
(2) Benefits	
a) FICA	505,838
b) Retirement	562,046
c) Other	4,869,260
TOTAL	$5,937,144
b. Foreign Nationals	
(1) Payroll - TOTAL	$845,920
(2) Benefits - TOTAL	$71,737
TOTAL	**$21,318,393**
B. NAF BENEFIT PROGRAMS	
1. Retirement	
a. Full-Time Employees Eligible	217
b. Full-Time Employee Participants	213
c. Part-Time Employees Eligible	23
d. Part-Time Employee Participants	21
2. Medical Insurance	
a. Full-Time Employees Eligible	217
b. Full-Time Employee Participants	180
c. Part-Time Employees Eligible	22
d. Part-Time Employee Participants	1
3. Life Insurance	
a. Full-Time Employees Eligible	217
b. Full-Time Employee Participants	148
c. Part-Time Employees Eligible	22
d. Part-Time Employee Participants	2