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their affairs. Contributions received must be used effectively for the announced purposes of the organization.

(3) Be directed by the base Non-Appropriated Fund Council or an active voluntary board of directors which serves without compensation and holds regular meetings.

(4) Conduct its fiscal operations in accordance with a detailed annual budget, prepared and approved at the beginning of the fiscal year. Any significant variations from the approved budget must have prior authorization from the Non-Appropriated Fund Council or the directors. The family support and youth activities must have accounting procedures acceptable to an installation auditor and the inspector general.

(5) Have a policy and practice of nondiscrimination on the basis of race, color, religion, sex or national origin applicable to persons served by the organization.

(6) Prepare an annual report which includes a full description of the organization's activities and accomplishments. These reports must be made available to the public upon request.

(e) Local eligibility determinations. Within 15 business days after the closing date of the application period, the LFCC shall communicate its eligibility decisions via facsimile or U.S. Postal Service. Denial of the application by the LFCC must be sent via U.S. Postal Service certified or registered mail with a return receipt. Approvals may be sent via U.S. Postal Service regular first class mail or facsimile. LFCC's may authorize PCFO's to release eligibility determinations to applicant organizations via telephone. This has no effect on the deadline for LFCC's to receive local appeals. Applicants denied eligibility may appeal in accordance with §950.205.

(f) No LFCC may print the campaign brochure while there are appeals of eligibility decisions from their campaign pending with the Director. LFCC's are obligated to check with OPM 21 calendar days after the mailing of the local appeal decision as to whether the Director is on notice of a pending timely appeal.

§950.205 Appeals.

(a) Organizations who apply and are denied eligibility for inclusion on the national list will be notified of the Director's decision by registered or certified mail of the U.S. Postal Service. Organizations may appeal the Director's decision by submitting a written request to reconsider the denial to the Director. This request must be received within 10 business days from the date of receipt of the Director's decision to deny eligibility and shall be limited to those facts justifying the reversal of the original decision. Requests for reconsideration may not be used to supplement applications that had missing or outdated documents, and any such documents submitted with the request for reconsideration will not be considered.

(b) Applicants denied listing in the local brochure must first appeal in writing to the LFCC to reconsider its original decision. Such an appeal must be received by the LFCC within 7 business days from the date of receipt of the initial LFCC decision or 14 calendar days from the date the decision was mailed, whichever is earlier. The LFCC must consider all timely appeals and notify the appealing organization within a reasonable time period. Denial of the appeal by the LFCC must be sent via U.S. Postal Service certified or registered mail with a return receipt. Approval of local appeals may be sent via U.S. Postal Service regular first class mail or facsimile.

(c) A local applicant which is unsuccessful in its appeal to the LFCC may appeal to the Director. All appeals must:

(1) Be in writing;

(2) Be received by the Director within 10 business days of the date of receipt of the letter from the LFCC denying eligibility on appeal;

(3) Include a statement explaining the reason(s) why eligibility should be granted;

(4) Include a copy of the letter from the LFCC disapproving the original application, a copy of the organization's appeal to the LFCC, and a copy of the letter from the LFCC denying the appeal.

(d) If an organization fails to file a timely application or a timely appeal

of an adverse eligibility determination in accordance with these regulations, such application or appeal to the Director will be dismissed as untimely.

(e) Appeals to the Director may not be used to supplement original applications that had missing or outdated documents. Any such supplemental documents will not be considered. Such appeals shall be limited to those facts justifying the reversal of the original decision.

(f) The Director's decision is final for administrative purposes.

Subpart C—Federations

§ 950.301 National federations eligibility.

(a) The Director may recognize national federations that conform to the requirements and are eligible to receive designations. The Director may from time to time place a moratorium on the recognition of national federations.

(b) By applying for inclusion in the CFC, federations consent to allow the Director complete access to it and its members' CFC books and records and to respond to requests for information by the Director.

(c) An organization may apply to the Director for inclusion as a national federation to participate in the CFC if the applicant has, as members of its proposed federation, 15 or more charitable organizations that meet the eligibility criteria of § 950.202 and § 950.203. The initial year an organization applies for federation status, it must submit the applications of all its proposed member organizations in addition to the federation application. Federations must reestablish eligibility each year, however, the applications of its member organizations need not accompany the annual federation application once an organization has obtained federation status, unless requested by the Director.

(d) After an organization has been granted federation status, it may certify that its member organizations meet all eligibility criteria of § 950.202 and § 950.203 to be included on the national list. Federation status in a prior campaign is not a guarantee of federation status in a subsequent campaign. Failure to meet minimum federation eligibility requirements shall not be deemed to be a decertification subject to a hearing on the record.

(e) An applicant for national federation status must annually certify and/or demonstrate:

(1) That all member organizations seeking participation in the CFC are qualified for inclusion on the national list. Applicants must provide a complete list of those member organizations it certified.

(2) That its financial records, practices and procedures conform to generally accepted accounting principles and that it is annually audited by an independent certified public accountant in accordance with generally accepted auditing standards. A copy of the audit must be included with the application. The audit must verify that the federation is honoring designations made to each member organization. The audit requirement is waived for newly created federations operating for less than a year.

(3) That it does not employ in its CFC operations the services of private consultants, consulting firms, advertising agencies or similar business organizations to perform its policy-making or decision-making functions in the CFC. It may, however, contract with entities or individuals such as banks, accountants, lawyers, and other vendors of goods and/or services to assist in accomplishing its administrative tasks.

(f) The Director will notify a federation if it is determined that the federation does not meet the eligibility requirements of this section. A federation may appeal an adverse eligibility decision in accordance with § 950.205.

(g) The Director may waive any eligibility criteria for federation status if it is determined that such a waiver will be in the best interest of the CFC.

(h) Two organizations—American Red Cross and United Service Organization—are exempt from the 15-member requirement of § 950.301(c).

§ 950.302 Responsibilities of national federations.

(a) National federations must ensure that only those member organizations