

## Finance Fundamentals

**DURATION:** 50 Minutes

**TEACHING METHOD:** Discussion (Live or Webinar)

**READING:** Student Reading

**Teaching Aids/Handouts:** Exercise

**LESSON OBJECTIVE:** Demonstrate a working knowledge of the finance system used by CAP at the squadron level in order to confidently and competently assume the duties of squadron commander.

**DESIRED LEARNING OUTCOMES (DLO):**

1. Describe the squadron budgeting process.
2. Explain the composition and role of the squadron finance committee.
3. Explain how to use the wing banker system and the required financial forms associated with running a CAP squadron.

**LESSON STRATEGY:** This lesson is designed to discuss fundamentals of CAP financial management at the squadron level.

**INSTRUCTOR NOTE:** This lesson focuses on how CAP units manage funds.

Students should have completed the assigned reading in the pre-course before coming to the class. This allows you to spend most of your time on the exercise. Survey the students to see how well they've absorbed the material and adjust your plan as necessary.

**REVIEW:** Ask students if they have any questions about the reading. If they have questions, answer them. If not, proceed with a short review. Ask students to share the most important points from the reading. Start with the things units must do to maintain compliance. Follow up with who makes up the Finance Committee and how it works. Ensure students understand Wing Banker and its key aspects. Encourage several students to participate/share.

**BRIDGE:** Finance is an important area for commanders to understand. Finance includes everything from the basics of budgeting to meeting compliance requirements to fundraising.

**SUGGESTED DISCUSSION QUESTIONS:** Feel free to add or adjust questions as necessary to meet the students' needs. Include any unique conditions specific to your wing.

**Lead off Question:** What is the role of the unit commander on the Finance Committee?

**Supporting Question:** Are there any fundraisers that do not need approval? Who approves fundraising otherwise?

**EXERCISE:** Divide the class into small groups or have them complete the budgeting exercise as one group.

**CLOSELY RELATED LESSONS:** Squadron Staff Responsibility, Stewardship and Risk Management

## Financial Fundamentals Exercise

For this exercise, you will build a budget for a unit for a year. The type of unit you build a budget for should be the type of unit you command or are likely to command (senior, cadet, composite). This exercise will be most useful if it is realistic. You might want to contact the unit you plan to command and ask about finances. This will be of great assistance as you build the budget. Ask about the unit's resources and what costs the unit incurs. A few questions you might ask include:

- What expenses does the unit have? Does the unit pay rent? Does the unit have to pay hangar fees for an aircraft? Does the unit have any other operating costs? Does the unit have a printer that might require ink or paper?
- What income does the unit have? Does the unit charge dues?
- What activities will the unit have during the year (open house, SAREX, orientation flights, attending encampment or activities) that may need to be included in the budget?
- Are there any opportunities for fundraising or grants in the community the unit might seek?

CAP Unit Commanders Course Instructor Guide  
Finance Fundamentals Teaching Plan

In this exercise, you will plan a budget for a composite squadron for one year. What follows is a brief summary of the assets you have available:

- 1 corporate aircraft (2001 model Cessna 172)
- 1 corporate van (2004 Dodge 12 passenger van)
- 1 Dell desktop computer (corporate issue 2015)
- 1 HP laser printer
- 2 EF Johnson portable radios
- 1 Canon desk top copier (2004)
- 1 21" TV/VCR combination (purchased in 2004)
- 2 L-PER direction finding units w/cases

You are situated on an airport and rent your facility for \$50.00 per month. Your lease expires on 31 December 2022. The airport manager has given you tie down space free of charge. Hangar space is available but he will charge you an additional \$50.00 per month.

Your unit charges dues: \$2.00 for seniors and \$1.00 for cadets per meeting, paid quarterly, which are your main source of paying the non-reimbursable bills. You have 35 cadets and 15 senior members. You pay for encampment fees by check through the Wing Banker Program and collect the money from the cadets in advance. Every year, the squadron sponsors its own model rocketry program for cadets at no charge and also gives cadets their insignia upon promotion. You publish a monthly squadron newsletter and mail it to members' homes. Your unit is active in emergency services and is fairly good about turning in claims for reimbursement, but it could be better. Our fundraising activities are limited and usually are designed to benefit a squadron activity, such as an open house. Your task in this exercise is to take this information and the financial summary provided and develop a budget for the coming year. You may not reduce the tempo of activities, nor give up assets. You may estimate member levels, plan to buy or upgrade assets, increase receipts and/or reduce expenses.

In this exercise your group will operate as the unit finance committee, so you must designate a unit commander, finance officer, and recorder for the exercise. The remainder of the group will be on the committee. There is no single correct answer to this exercise. The purpose of the exercise is to emphasize the importance of budget planning to the unit, given the amount of activity and money flow even a modest sized squadron has.

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Sample Unit Financial Summary

CIVIL AIR PATROL  
 ANY WING  
 ANYTOWN SQUADRON  
 UNIT NUMBER

Cash for the unit held at the wing through the Wing Banker program

Add:

Receipt

Account No.	Account Title	Amount	Notes
5223200	Senior Activities	0	
5224200	Cadet Activities	455	7 cadet encampment fees
5224300	Combined Senior & Cadet Activities	0	
5225200	Flight Activities	1073	
5240000	Fundraising/Special Events and Activities	162.5	
5310012	Membership Dues	1890	10 seniors @ \$2/week for 45 weeks
5412011	Contributions	300	22 cadets @ \$1/week for 45 weeks
5415000	Miscellaneous Receipts	0	
5419000	Investment Income/Saving & Temp	0	
5424100	Materials and Supplies Sales	0	
5424300	Unrelated Business Income	0	
6400000	Receipts from other CAP entities	0	
	Total Receipts	5130.5	
	Total Beginning Balance and Receipts During the Year	5454.5	

Less:

Expenditures

Account No.	Account Title	Amount	Notes
7100000	Awards and Grants to Individuals	50	
7520000	Professional Services	125	
7700100	Supplies	150	
7701000	Cost of Sales	550	
7745000	Communication Equipment Purchased	0	
7810000	Telephone	520	
7900000	Postage and Shipping	122.88	
8010000	Rent	600	rent \$50/month
8016000	Property Taxes	0	
8085000	Other Facility Expenditures	100	
8123000	Other Equipment Purchased	70	
8230000	Printing and Publications	100	

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8310000	Travel	50	
8475000	Cadet Activities	605	7 encampment fees/model rocketry
8476000	Senior Acitvities	75	
8480000	Combined Senior and Cadet Activities	0	
8540000	Conferences and Meetings	0	
9302000	Miscellaneous	40	
9305000	Interest Expense	0	
9430000	Unrelated Business Income Expenses	0	
9434000	Payments to NHQ	0	
9436000	Expenditures to other CAP Entities	0	
9438000	Fundraising Expenses	25	
	Total Expenditures	5307.88	
	Cash in Wing Banker Account, 30 Sep, 20XX+1	146.62	