



# Appendix

Unit Commander's Course  
August 2016  
Sarasota, Florida



## ANNUAL FINANCE PAPERWORK – FLORIDA WING

- **15 September** - Budgets for units must be sent to Wing Director of Finance. If the unit had any expenses in prior FY a zero budget will not be accepted. FLWG Financial Management Procedures (FLWGP 200-2).
- **30 September** - Obtain values on or at 30 Sept for any certificates of deposit, including those held by units. You may have to visit the bank on 1 October or download it from your on-line access on 30 Sept or 1 Oct. Make sure any accrued interest is listed or that there is enough information to calculate the accrued interest (rate, maturity date, etc.). Send to Wing Director of Finance
- **1 October** – Annual Inventory begins. **CAPF 174 is now obsolete.** All units who use or share any facility, contributed or not, must enter their real property in ORMS – Real Property Module. All information must be completed.
- **1 October** – Units are required to submit a signed CAPF 172. Please complete this form selecting your authorized approvers (section A, usually the Finance Officer and Commander) and your recurring expenses (section B). Have all members of the Finance Committee sign at the bottom and submit to Wing Director of Finance and Amy Andrickson. CAPR 173-1 paragraph 9c(1)
- **31 December** – **ALL** CAPF 171 (Unit Financial Disclosure) are due. This is completed in eServices by the unit commander in the commander's corner. **All units are required to respond.**



## SUBORDINATE UNIT PROCEDURES

Units must maintain all financial accounts through their respective wing. Units may not open or maintain checking, savings, CDs or money market accounts. Units may not have petty cash accounts.

### *Unit Commander*

If a unit has funds, the unit commander must assign a unit finance officer and a finance committee within 30 days of assuming command and must provide the information in writing to the wing FM. The unit commander cannot serve as the unit finance officer. The unit commander for all units will sign and submit to the wing FM CAPF 171, *Unit Commander's Financial Disclosure Statement*, and ensure the unit's CAPF 174, *Contributed Facilities and Utilities worksheet* is submitted to the wing FM by November 1 each year.

### *Unit Finance Officer*

The unit finance officer may not be a paid employee. A paid employee may perform bookkeeping duties under the supervision of the unit finance officer if the position is approved in writing by the wing commander. The unit finance officer must reconcile the unit's accounts with the reports provided by wing and notify the wing FM of any discrepancies.

### *Unit Finance Committee*

The unit finance committee must ensure that the unit's funds are managed properly. The unit finance committee is composed of the unit commander as the chairperson, the unit finance officer and at least one other senior member. Once finance committee members have been appointed they may not be removed involuntarily unless the next higher commander approves or during a change of command.

The unit finance committee must complete CAPF 172, *Consolidated Finance Procedures*, to establish a written list of authorized approvers with their signatures and send a copy to the wing FM.

The unit finance committee must obtain written approval from the wing commander for all fundraising activities and ensure that CAPR 173-4 is followed.

The unit finance committee must approve in writing or via e-mail all unit expense transactions over \$500. Batched checks over \$500 are authorized as long as the individual expenses were approved and are each under \$500. The check request, supporting documentation and approvals must be sent to the wing FM for payment.

The unit finance committee will meet at least once per quarter. The finance committee will maintain a written record of all meetings and approvals. Finance committee meetings and approvals may be conducted via e-mail or teleconference, a written record containing the date of the meeting, information discussed and a list of all attendees will be maintained.

The unit finance committee must develop and approve a balanced budget annually and review the budget at least quarterly. The approved budget must be sent to the wing FM by October 1 each year.

### *Unit Deposits*

Units may either deposit funds directly into a wing-maintained consolidated account or mail the checks to wing HQ for deposit on their behalf. Units may not send cash to wing for deposit. Cash must be converted to a money order or check before being sent to wing. All funds collected for any activity, including fundraising, must be deposited in full. Collected funds may not be used to pay any expenses. If the unit makes the deposit, fax, e-mail or regular mail a copy of the deposit slip along with instructions on how the deposit should be allocated and classified. Most wings have developed forms so that units may easily record this information. All deposit information must be received at wing HQ within seven days of deposit. After one year and at least three attempts by wing HQ to identify unclaimed funds, any unclaimed deposits will be allocated equally among all units participating in that bank account.

### *Units Savings & Investments*

The wing will establish a unit savings account exactly like the checking account. However, not all units are required to have a savings account.

Units may invest their funds in certificates of deposit at wing level. All funds so invested must be readily available without loss of principle. Donor-restricted investments or bequests of investments must be approved by NHQ CAP/GC prior to acceptance. Savings or money market accounts are not authorized at unit level.

### *Unit Payments*

All payments will be issued by the wing. All unit payments must be approved in accordance with the unit's CAPF 172, *Consolidated Finance Procedures*, on file at wing. Approvals may be in writing or via e-mail. Units must complete CAPF 172, *Consolidated Finance Procedures*, for those bills considered recurring. All bills must have supporting documentation. All bills over \$500 require at least two approvals unless they are batched with each invoice appropriately approved and less than \$500. All personal reimbursement requests must be submitted within 60 days of incurring an expense or receiving an invoice. Requests for reimbursement presented after 60 days will not be honored.

### *Unit Credit Cards & Credit Accounts*

Subordinate units may open credit cards and credit accounts if authorized by the wing commander. Credit applications must be reviewed and approved by Civil Air Patrol's Chief Financial Officer (NHQ/FM). If credit cards or credit accounts are authorized, the subordinate unit must complete CAPF 172, *Consolidated Finance Procedures*. Credit cards and credit accounts must only be opened or issued in the name of the CAP unit.

All usage must be documented with receipts. These accounts may only be used for authorized purchases and for official CAP business. Cash advances and personal expenditures are not authorized. Lost or stolen cards must be reported to the credit card issuer, the responsible unit's commander and the wing director of finance immediately. All losses incurred will be the responsibility of the subordinate unit.

### *Unit Fixed Assets*

Subordinate units acquiring any fixed assets must report these to the wing FM. A fixed asset is defined as an asset purchased or donated with a per item value of \$5,000 or more and a useful life of more than one year. The form used to report these additions is the Fixed Asset Report which is located on the NHQ web page under the Forms and Publications section. Click on CAPR 173-1 to locate the form. All unit fixed asset acquisitions, disposals, or sales must be reported to the wing FM.

### *Unit Contributed Facilities & Utilities*

As part of the annual audit, NHQ requires each subordinate unit to submit a CAPF 174, *Contributed Facilities and Utilities Worksheet*, to the wing FM before November 1 each year. The worksheet needs to include the type, square footage and the annual fair rental cost, if known, for all facilities for which CAP has exclusive use. Buildings, meeting rooms, storage facilities or room, hangars or hangar space and aircraft tie-downs are some types of facilities for which CAP may be charged nothing or less than the fair market rental rate. The fair market value of donated utilities must also be reported on the worksheet.

### *Unit Contracts*

Subordinate units may not enter into contracts. The wing commander is the only individual who may sign limited contracts that obligate Civil Air Patrol. Units may require a contract when they arrange for banquets, however these must be forwarded to the wing commander for his approval and signature before the event is booked. Please refer to CAPR 70-1, Civil Air Patrol Acquisition Regulation, regarding contracting.





# THE FLORIDA WING BANKER PROGRAM

Starting in Fiscal Year 2008 Florida Wing switched from a squadron banking system where units wrote their own checks for expenses, to a centralized Wing Banking system where a bookkeeper, working full time for Civil Air Patrol, handles all accounts payable, accounts receivable and other bookkeeping duties for all units in Florida Wing. While this was a pilot program started by PA Wing, it was soon rolled out nationwide.

One of the most important reasons for switching to this new system was to resolve the problem CAP was having with only being able to get “qualified opinions” when National Headquarters was audited. It also ended the problems encountered by the wings doing the consolidated unit report at year-end since this reporting requirement was eliminated. The inconsistency and inaccuracy of the unit reports ceased to be a problem at all levels of CAP. The problem of different accounting methods also disappeared. Units are now on the accrual basis of accounting just like the wings, regions and NHQ. The Wing Banker Program has been endorsed and mandated by the Board of Governors and is now incorporated into CAPR 173-1.

While there is no recordkeeping requirement at the unit level under the new system, the unit finance committee continues to play an important part in the financial process. Wing will not pay bills on behalf of the unit until they receive the required approvals. The requirement for approvals of two finance committee members for expenses over \$500.00 applies. Approvals may be obtained via mail, fax, or e-mail. The unit is required to deposit enough money to cover an outstanding bill before it will be paid. The unit must continue to account for all income deposited in the bank. The wing uses SunTrust Bank with branches around the state. When the unit makes deposits locally, the unit must notify wing with the FL Wing Deposit Advice (FLWGF 204), and a copy of the deposit receipt with unit charter number written on it, via email, fax or mail, that the unit made the deposit and to what income accounts the money should be posted.

## How the program works – Overview & New Units.

- Wing is using SunTrust Bank for all transactions.
- FL Wing has a separate checking account that will be used only for the units below wing transactions.
- All units need to submit a fully executed CAPF 172 showing the members of the unit’s Finance Committee at bottom and the unit’s “Authorized Approvers” at the top. Usually the Finance Officer and the other members of the Finance Committee are also the authorized approvers. However the

Committee may appoint one or two additional approvers from amongst the members of the unit. These approvers can be designated certain types of expenses and amount limits that they are authorized to approve (ie Cadet Programs Officer – cadet activities – up to \$250.)

- The CAPF 172 also has a section for authorizing recurring expenses that Wing will need to pay for the unit on a monthly, quarterly or annual basis.
- The CAPF 172 must be re-submitted every year by 30 SEPT.
- All units will be issued deposit slips and endorsement stamps.
- FL Wing Bookkeeper has already created the necessary sub-accounts and classes in QuickBooks®.
- All units (including school units) must also complete the CAPF 171 in e-services (commander's corner) on which the unit commander attests that all unit funds are on deposit with the Wing. School units should show any school or district accounts they may have for their use. This attestation must be completed annually by 31 OCT.
- As of the date of this publication, all unit certificates of deposits must be administered at the Wing level. Only members of the Wing Finance Committee may be signatories on any new CD's. Do not attempt to open any savings, money-market or other bank accounts. ALL unit accounts will be opened and maintained by Headquarters – Florida Wing. The units name will be included in the title of any account and all funds will be for the benefit of the unit.
- Each unit needs to maintain their finance committee. This committee will develop the unit's budget, authorize payments and make deposits.
- Every unit will receive a monthly accounting report of all their funds by the Florida Wing Director of Finance. This report must be reviewed for accuracy by the unit finance committee at least quarterly.
- Units are encouraged to maintain their own check register or better yet use Quicken, QuickBooks or an available Excel spreadsheet program (FLWGF 173) to track their own income and expenses. This way they can reconcile the reports provided by Wing with their own records.

### **What is the Unit's Role?**

Each unit must maintain a finance officer and finance committee as required in CAPR 173-1. The unit finance officer, the unit commander, or an authorized approver (CAPF 172) must initiate and approve any expense under \$500.00, unless included in the recurring expense policy. This approval may be accomplished on the Check Request Form (FLWGF 203). The date of the invoice or bill, the description of the expense and the CAP account number (page 2) should be entered. If the expense is over \$500.00, then a majority of the finance committee must indicate approval with signatures on the form. This would normally be two signatures. However if for some reason the unit has more than 3 finance committee members additional signatures will be required.

All requests for reimbursement or payment to a third party must be received at Wing HQ no later than 60 days after the date of the earliest invoice, bill or receipt you are submitting. Requests for payment received after that date **will** not be paid.

The unit finance committee must continue to function and record minutes. All approvals should be noted in the minutes. Any electronic approvals should also be attached. The unit finance committee should continue to develop a budget to help manage the unit's finances. They must also monitor their income and expenses to help verify that wing has recorded everything correctly. This will be done by reviewing the monthly cash reports that will be sent to each unit by wing HQ. Budget versus actual reports will be sent to the units quarterly and should also be reviewed by the unit finance committee.

The unit needs to either make their deposits at the designated bank or collect the checks and send them to wing HQ. The proper accompanying forms need to be filled out correctly and in a timely manner so that wing HQ knows which unit is involved, what accounts to debit or credit, and the source and purpose of the funds (FLWGF 204).

The unit is still responsible for following fundraising procedures as required in CAPR 173-4. These procedures require the wing commander to approve all fundraising requests. In addition, the unit must provide an accurate accounting of funds raised to wing HQ. This includes the name and address of any donor giving \$250.00 or more (or assets worth that much) to your unit.

## **HOW DOES WING HANDLE THE ACCOUNTING?**

### **Receiving Income**

Units may make deposits directly to the most convenient SunTrust Bank branch. You will need to request a deposit slip book and endorsement stamp from FL Wing HQ. [aandrickson@flwg.us](mailto:aandrickson@flwg.us)

Make sure you write the unit number on every document., including the deposit slip **and** receipt.. This will help insure that all transactions are posted correctly.

When anyone is writing a check to your unit it should be made payable to: FLWG CAP Unit FL\_\_\_\_ (your unit number). All received checks must be deposited within 30 days.

The unit must send a copy of deposit slip and a Deposit Advice form (FLWGF204) to Wing HQ so that the proper entries can be made. The form can be found on the FL Wing Web Site and can be locally produced or electronically form filled and printed on your computer. If the unit receives a donation of \$250 or more, a copy of the check must also be sent to Wing HQ so that a donation

receipt can be sent to the donor. Units below Wing level should not send donation receipts (CAPF 164).

The unit will specify names and account numbers from the standard chart of accounts and describe the transaction. Any income or expense associated with the aircraft must list the aircraft tail number.

If two or more units are participating in a fund raiser a separate deposit transaction must be accomplished for each unit. You cannot group different unit deposits on one deposit slip or advice. If you only receive one check for the event the entire check will need to be deposited into one of the units accounts and check request will need to be sent to wing to transfer funds from this unit to the other participating unit(s). This check request will require 2 finance committee member signatures no matter how small the transfer.

If the unit sends the checks to wing to be deposited the unit still needs to send a Deposit Advice form and the complete deposit slip for the bank. All entries on the deposit must be classed.

Copies of all deposits slips and checks should be kept for reconciliation of your units account.

## **Paying Bills**

The FL Wing will ensure that all necessary approvals have been obtained before paying any bills.

Submitting unit bills to FL Wing HQ: All bills must be submitted on a FL Wing Check Request Form (FLWGF 203) or a Recurring Expense Form (CAPF 172) with proper approval before any bill can be paid. A copy of the original receipt/invoice/bill must accompany all forms. The unit commander or any authorized approver may sign in the block marked unit commander. However the approver may not also be the payee or a member of his/her household. Electronic submission is authorized (e-mail scans or faxed).

The unit finance committee must authorize all expenses over \$500.00 in writing. Under \$500.00 can be authorized by the unit commander or one of the authorized approvers. Supporting documentation, including itemized receipts showing the name of the vendor must be included with all submissions.

Make sure you write the unit number on every document. This will help insure that all transactions are posted correctly. Copies of all check request including bills and/or invoices should be kept for reconciliation of your units account.

Forms and supporting documentation can be e-mailed or faxed to FL Wing HQ. [aandrickson@flwg.us](mailto:aandrickson@flwg.us) (F) 863-644-0180  
FLWGP 200-1 rev. 01 MAR 2016  
Supersedes: FLWGP 200-1 dated 01 MAY 2013

OPR:FM

## **Advance Requests**

Units which require an advance of funds for an event may request an advance on unit funds. However, the unit must plan accordingly for this.

Two weeks prior to the scheduled event, the unit must submit the Florida Wing Advance Request form (FLWGF 202) to the Wing Bookkeeper to allow ample time to forward the funds to the requestor. Advances over \$500 for a single vendor require an estimate/quote from the vendor.

The advance request must be complete, including Unit Commander approval and description of activity.

If the advance is over \$500, the unit finance committee must also approve (additional signature at bottom).

Within 10 days of the end of the event, the requestor must submit receipts to the Wing Bookkeeper along with a reconciliation form (FLWGF 201) If the requestor does not have receipts to substantiate the expenditures, then the requestor must return the funds to the unit account. If there are funds left over these must be deposited and the deposit receipt included with the reconciliation form. If additional funds are due then a check request form should accompany the reconciliation.

## **Reconciling the Unit Checking Account**

The FLWG Finance Director will reconcile the accounts every month. The FLWG Bookkeeper or Finance Director may find discrepancies, i.e. a deposit of which we have no record. This might occur when the units make deposits locally, and for some reason FLWG does not receive record of the deposit. If this occurs an report will be sent out monthly, listing the date and amount of the unclaimed deposit. The claiming unit will need to mail the deposit slip and Deposit Advice form so they may receive proper credit.

After the reconciliation is complete, each unit will be e-mailed a statement showing the cash transactions for the month, if there were any. The units should keep copies of all transactions (deposits and bills/invoices) for reconciliation of your units account.

If the unit finance committee finds any discrepancies with the unit account statement e-mail the FLWG bookkeeper [aandrickson@flwg.us](mailto:aandrickson@flwg.us) as soon as possible with details of the discrepancy so corrections can be made.

## **Questions**

Any questions can be e-mailed to:

Lt Col David M. Auerbach, FLWG Director of Finance [cap942@aol.com](mailto:cap942@aol.com)

Amy Andrickson, FLWG Bookkeeper [aandrickson@flwg.us](mailto:aandrickson@flwg.us)

Or call FLWG Headquarters 863-644-0172





NATIONAL HEADQUARTERS CIVIL AIR PATROL

CAP REGULATION 173-1

15 NOVEMBER 2012

Finance

FINANCIAL PROCEDURES AND ACCOUNTING

Civil Air Patrol’s financial management goal is to promote and ensure the integrity of financial management practices and financial reporting. Each region/wing commander will ensure that the requirements of this regulation are met and will be responsible for all region/wing and subordinate unit funds. This regulation establishes policies and procedures for administrating, auditing, accounting, and reporting of Civil Air Patrol (CAP) funds in accordance with The Single Audit Act (31 U.S.C. 7501 et seq.), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations (OMB Circular A-110) (2 CFR Part 215), Cost Principles for Non-Profit Organizations (OMB Circular A-122) (2 CFR Part 230), Department of Defense Grant and Agreement Regulations (DoDGARs) (32 CFR 32.1 et seq.), the Constitution and Bylaws of the Civil Air Patrol, and the decisions of its Board of Governors.

**SUMMARY OF CHANGES.** This regulation has been modified to eliminate the requirement for CAP wings to develop their own internal Financial Management Procedures for recurring expenses, expense authorizations, credit cards, and bank transfers. Standardized policies are now included in the regulation and CAP Form (CAPF) 172, *Consolidated Finance Authorizations*, will be utilized. Policy guidance has been issued regarding advance payments requested by members. Units are no longer required to send donation checks to wing HQ, but must still send donation information. Wing financial documents are now required to be stored in SmartVault instead of NovelASPECT. This revision standardized the usage of credit cards, eliminating the requirement for wings/units to develop separate policy. **Note: Shaded areas identify new or revised material.**

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Supersedes CAPR 173-1, 19 December 2011.

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Distribution: National CAP website.

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Notice: CAP publications and forms are available digitally on the National CAP website at: [http://www.capmembers.com/forms\\_publications\\_regulations/](http://www.capmembers.com/forms_publications_regulations/)

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**1. Congressional Requirements.** Under the provision of the Cooperative Agreement between Civil Air Patrol and the United States Air Force, CAP is required to maintain and audit its financial records. In addition, the law requires CAP to file with the Office of Management and Budget (OMB) an annual audit of its financial records not later than 31 March of each year. This requirement cannot be met unless all units meet the filing deadlines for annual financial reporting and other year-end submissions as specified in this regulation. Therefore, this directive requires that:

- a. CAP will use accrual basis accounting.
- b. National Headquarters (NHQ) will submit to the OMB an annual report consolidating the assets, liabilities, income, and expenses of all subordinate units of the Corporation.
- c. CAP wings will be subject to the annual audit requirement.
- d. NHQ will prepare a consolidated IRS Form 990 on behalf of all units, wings, regions and national. Units, wings and regions will not contact the IRS directly nor make any filings with the IRS. All IRS notices must be forwarded to NHQ/FM at [cap990@capnhq.gov](mailto:cap990@capnhq.gov).
- e. Except as noted in this regulation, units below wing level will maintain all financial accounts through their respective wing.
- f. Units below wing level whose annual expenditures exceed \$50,000 or report liquid assets (cash and/or investments) of \$100,000 or more will be considered equivalent to a wing for accounting, reporting and audit purposes.

**2. Federal Tax ID Number.** The Civil Air Patrol Employer Identification Number (EIN) 75-6037853 must be used to establish and maintain all bank and investment accounts.

**3. Supplements and/or Operating Instructions.** Supplements and Operating Instructions are not authorized. Units at all levels may issue a specific Financial Management Procedure for travel which is specific to their respective unit. Examples of Travel Financial Management Procedures may be found under the Financial Management section on the NHQ website. Wings may also issue specific Financial Management Procedures which are consistent with CAPR 173-1 but which add details related to documentation, processing, etc. which are unique to the wing.

**4. Wing Financial Analysts.** Wing financial analysts (WFAs) are employees and representatives of Civil Air Patrol. WFAs periodically perform audits of all assets of Civil Air Patrol. All assets, supporting documentation, and financial information, including computer files, must be provided and made accessible to the wing financial analyst.

**5. Command Responsibilities.** Region and wing commanders are responsible for accountability and oversight of financial management for their headquarters and their subordinate units.

**6. Accounting Procedures and Policies.**

- a. Accrual-based accounting must be used.

b. All wings must use QuickBooks®, NovelASpect, Sertifi and SmartVault. National Headquarters is the program administrator for QuickBooks®, NovelASpect, Sertifi and SmartVault. NovelASpect is an internet-based server which allows wings and NHQ to access a wing's QuickBooks data file and financial documents. NovelASpect is accessible from any computer with internet access by wing-authorized users. NovelASpect backs up all data nightly. Sertifi is a secure document approval and storage system. SmartVault is a web-based electronic storage vault for supporting documentation for financial transactions. SmartVault allows all wing-authorized users access to the supporting documentation from any internet accessible device.

c. The QuickBooks® master financial data files may not be downloaded from NovelASpect for changes and then uploaded back to NovelASpect. Wings will not make backup copies or accountant's copies of the QuickBooks® data file.

d. Every unit (region, wing, group, squadron and flight) must use the Civil Air Patrol approved Chart of Accounts. The Chart of Accounts is updated as changes occur and posted at [http://www.capmembers.com/forms\\_publications\\_regulations/r173001.cfm](http://www.capmembers.com/forms_publications_regulations/r173001.cfm). Other account classifications may not be established without the written approval of the Chief Financial Officer (NHQ/FM). This standardization is necessary so that consolidated reports may be prepared at the national level. Related sub-accounts under a particular account classification are permitted; however, all reports will follow the account classifications shown in the approved Chart of Accounts.

e. Civil Air Patrol's fiscal year is 1 October through 30 September.

f. Estimating will not be used except in the development of budget planning.

g. CAPF 172, *Consolidated Finance Authorizations*, will be reissued annually and at each change of command at unit, wing, and region level. CAPF 172 will be uploaded to SmartVault.

h. All electronic approvals, unless obtained in Sertifi, will be attached to bills.

i. All expenditures must have supporting documentation. Expenditures must be approved in writing by a designee established in the unit's CAPF 172 or through Sertifi. Units below wing level will forward approved bills by mail, e-mail or fax with supporting documentation to wing headquarters for payment.

j. Supporting documentation for financial transactions including disbursements, deposits, and journal entries, must be scanned and stored in SmartVault.

k. All wings and units will obtain a signed IRS Form W-9 completed by vendors (excluding member reimbursements) providing services such as catering, repairs, rent, cleaning etc., prior to executing payment. This information fulfills the IRS reporting requirement for 1099 vendors. These completed forms W-9 will be uploaded to SmartVault.

l. Units below wing level will not establish or maintain petty cash accounts. Reimbursement for out-of-pocket expenditures will be made by forwarding approved expenses and supporting documentation to wing headquarters for payment.

m. Advances may be requested and paid. However, all receipts must be submitted within 10 days after completion of the activity for which the advance was requested, not to exceed 60 days from the date of the advance payment. The member will be required to repay any advanced funds in excess of the receipts submitted. Members may have only one advance outstanding at a time.

## 7. Director of Finance.

a. Each wing commander will appoint a director of finance in writing. Neither the director of finance nor the assistant director(s) of finance may be a family member of the wing commander nor be a member of the wing commander's immediate household. The director of finance must not be a paid employee. A paid employee may perform bookkeeping duties under the supervision of the director of finance.

b. The director of finance will submit to NHQ/FM a copy of all filings made with agencies outside of Civil Air Patrol as soon as they are submitted to the outside agency.

c. The wing director of finance will provide each subordinate unit a report of its cash and investment beginning balance, deposits, payments, and ending balance monthly, within 45 days after the end of each month. The wing director of finance will provide each subordinate unit a budget to actual report within 45 days of the end of the quarter.

8. **Unit Finance Officer.** Each unit below wing level will assign a finance officer. New unit commanders must appoint a finance officer in writing within 30 days of assuming command and provide this information in writing to the wing director of finance. The unit finance officer may not be a paid employee. Further, the unit commander may not serve as the unit finance officer. A paid employee may perform bookkeeping duties under the supervision of the unit finance officer. The unit finance officer will reconcile the unit's accounts with the report provided by the wing director of finance at least once per quarter.

## 9. Finance Committee.

a. **Regions.** Each region commander will appoint a director of finance. New region commanders must make this appointment in writing within 30 days of assuming command. The director of finance may not be a paid employee. Each region commander will appoint a finance committee in writing within 30 days of assuming command. The purpose of the finance committee is to ensure the proper management of the region's funds. This committee will be composed of the region commander as the chairperson, the director of finance, and at least three other staff members. Finance committee members cannot be a family member of the region commander, nor be a member of the region commander's immediate household. Once finance committee members have been appointed they may only be involuntarily removed with the concurrence of the national commander except in the incidence of a change of command. CAP-USAF members may attend finance committee meetings in an advisory capacity. The region finance committee will:

(1) Ensure that the region is in compliance with all financial, regulatory, and reporting requirements.

(2) Assist and supervise subordinate wings to ensure that all financial, regulatory, and reporting requirements are met.

(3) Maintain an adequate system of internal accounting controls over all funds in accordance with generally accepted accounting principles.

(4) Develop and approve an annual budget which must be provided to NHQ by 1 October each year and reviewed quarterly. The region is expected to strive to maintain a balanced

budget – income equals expenditures. To ensure solvency, if an expense category exceeds its allocated budget amount the overall budget must be revised to keep the budget balanced.

(5) Approve all region-level expenditures in excess of \$1,500 prior to obligating the funds. Payment of these bills will be approved by the finance committee using Sertifi. Batched checks over \$1,500 do not require pre-approval as long as the individual expenses were authorized and are each under \$1,500.

(6) Complete CAPF 172, *Consolidated Finance Authorizations*, establishing a monthly recurring expense policy with limits on the expense amount. To be considered recurring, an expense must be a routine monthly expense not exceeding \$1,500. Recurring expenses are limited to monthly utility bills, facility cleaning bills, landscaping bills, telephone bills, internet usage fees, postage meter rental fees, monthly copier maintenance fees, and facility (hangar, tie-down, repeater, storage) rent. This requirement is waived if the region elects to approve each bill separately.

(7) Provide to NHQ monthly the bank statement and supporting documentation for the local region activity account.

(8) Meet at least once per quarter and maintain a record of all finance committee meetings and approvals. These meetings and approvals may be conducted via teleconference or electronically; however, a written record with a list of attendees and the date of the meeting must be maintained on file. Finance committee meeting minutes must be provided to NHQ for audit purposes.

(9) Credit card receipts must be provided to NHQ monthly and approved through Sertifi.

(10) NHQ will provide detailed general ledger reports, budget-to-actual reports, bank reconciliations, and financial statements monthly or as requested.

**b.** Wings. Each wing commander will appoint a finance committee in writing within 30 days of assuming command. The purpose of the finance committee is to ensure the proper management of the wing's funds. This committee will be composed of the wing commander as the chairperson, the director of finance, and at least three other wing members. Paid employees such as wing administrators may not be voting members on the finance committee but may serve as advisors or recorders. Finance committee members cannot be a family member of the wing commander, nor be a member of the wing commander's immediate household. Once finance committee members have been appointed they may only be involuntarily removed with the concurrence of the region commander except in the incidence of a change of command. CAP-USAF members may attend finance committee meetings in an advisory capacity. Each wing finance committee will:

(1) Ensure that the wing is in compliance with all financial, regulatory, and reporting requirements.

(2) Assist and supervise subordinate units to ensure that all financial, regulatory, and reporting requirements are met.

(3) Maintain an adequate system of internal accounting controls over all funds in accordance with generally accepted accounting principles.

(4) Develop and approve an annual operating budget as a forecasting tool. The budget must be entered into QuickBooks® by 1 October each year and reviewed quarterly. Review of the budget should be noted in the minutes of the Finance Committee. The wing is expected to strive to maintain a balanced budget – income equals expenditures other than projects for which reserves have been set aside. To ensure solvency, if an expense category exceeds its allocated budget amount the overall budget must be revised to maintain a balanced budget. Revenue and expenses for funded missions tracked through the Web Mission Information Reporting System (WMIRS) do not need to be further budgeted in the wing's QuickBooks account.

(5) Approve all wing-level expenditures in excess of \$1,500 prior to obligating the funds. Payment of these bills will be approved by the finance committee using Sertifi. Batched checks over \$1,500 do not require pre-approval as long as the individual expenses were approved and are each under \$1,500. Approved expenditures at the subordinate unit level are exempt from this requirement.

(6) Complete CAPF 172, *Consolidated Finance Authorizations*, to establish a monthly recurring expense policy with limits on the expense amount. To be considered recurring, an expense must be a routine monthly expense not exceeding \$1,500. Recurring expenses are limited to monthly utility bills, facility cleaning bills, landscaping bills, telephone bills, internet usage fees, postage meter rental fees, monthly copier maintenance fees, pest control, alarm monitoring fees, and facility (hangar, tie-down, repeater, storage) rent. This requirement is waived if the wing elects to approve each bill separately. Wings may, through their Finance Committee and wing commander, request exceptions to this list by NHQ/FM.

(7) Complete internal financial reviews of the wing's financial records to ensure compliance with the provisions of this regulation. CAPF 173, *Internal Financial Review Worksheet*, must be completed by either a member of the wing finance committee or a person outside the committee as long as this person is designated by the committee in writing. The wing commander, director of finance or a paid employee cannot perform this review. The internal financial review must be completed for each quarter not later than 45 days after the end of the quarter. The wing finance committee may designate, in writing, a person outside the finance committee to perform this internal financial review. This person may not be related to any member of the finance committee. The completed checklist (all parts) must be maintained on file and uploaded to SmartVault. The CAPF 173, *Internal Financial Review Check Sample* (Part 2), for each wing and unit checking account will be a minimum of the following based upon the total checks written per quarter in each account sampled. All checking and money market accounts will be included in the internal financial review. No more than 25 checks need to be sampled per account. Electronic payments must be included as part of the check sample if these are used.

Number of checks written in quarter	Minimum number of checks sampled
1 – 50	6
51 – 100	10
101 – 200	15
Over 200	25

(8) Review and evaluate the most recent CAPF 173, *Internal Financial Review Worksheet (Part I)*, at the next finance committee meeting. The review must be recorded in the finance committee meeting minutes including corrective actions for documented deficiencies.

(9) Meet at least once per quarter and maintain a record of all finance committee meetings and approvals. These meetings and approvals may be conducted via teleconference or electronically; however, a written record with a list of attendees and the date of the meeting must be maintained on file. Finance committee meeting minutes must be uploaded to SmartVault.

(10) Provide oversight of all subordinate unit funds to assure all transfers and expenditures have been made at the documented request of the subordinate unit finance committee or authorized member thereof; and all deposits have been recorded and documented.

(11) Approve all credit card statements, including fuel credit accounts, via Sertifi in time for payment to be made by the due date. In addition, the person conducting the Internal Financial Review will review all credit card statements for the prior quarter and assure that all receipts documenting the expenditures are attached to the statement for each credit account. Card holders must submit detailed receipts to the wing within 21 days after the billing statement date. Receipts will be scanned and stored in SmartVault, once received. For aircraft or vehicle fuel vendor statements, receipts are not required to be saved in SmartVault if the mission number is notated for each transaction on the statement.

c. Units Below Wing Level. Each unit commander will establish a finance committee in writing within 30 days of assuming command. The wing commander may waive this requirement if the unit does not have any funds. If the unit obtains funding at a later date, the unit will be required to establish a finance committee. The purpose of the finance committee is to ensure the proper management of the unit's funds on deposit with the wing. This committee will be composed of the unit commander as the chairperson, the finance officer, and at least one other senior member. Once finance committee members have been appointed they may only be involuntarily removed with the concurrence of the next higher commander except in the incidence of a change of command. Each unit finance committee will:

(1) Establish a list of finance committee members and in CAPF 172, *Consolidated Finance Authorizations*, a list of authorized approvers and their signatures upon establishment and by 1 October each year. A copy of these list(s) will be sent to the wing director of finance to be saved in SmartVault.

(2) Maintain an adequate system of internal accounting controls over all funds in accordance with generally accepted accounting principles. Internal controls are the policies and procedures established to protect the resources of an organization. Examples include: having supporting documentation for expenditures; not giving control of any financial transaction to one person through the cycle of income generated, deposited, recorded in the financial file, expended through payables, signing the check and reconciling the bank; reimbursement procedures, credit card usage procedures, etc.

(3) Conduct fundraising activities only in accordance with CAPR 173-4, *Fund Raising/Donations* as approved by the wing commander.

(4) Approve in writing or via e-mail all unit expense transactions in excess of \$500, unless the expenditure is a recurring expense already approved in writing. Batched checks over \$500 do not require pre-approval as long as the individual expenses were approved and are each

under \$500. A copy of the approval will be sent to the wing director of finance along with the check request and supporting documentation.

(5) Units may not overspend their cash balance. If a unit does not have funds to cover an expenditure, the unit must raise income to support the bank account, or work with the wing for another alternative.

(6) Units are not required to maintain copies of financial documents which have been sent to the wing. Documents which may not have been sent to wing, such as finance committee minutes, will be retained by the unit for future reference.

(7) Complete CAPF 172 establishing a monthly recurring expense policy with limits on the expense amount. To be considered recurring, an expense must be a routine monthly expense not exceeding \$500. Recurring expenses are limited to monthly utility bills, facility cleaning bills, landscaping bills, telephone bills, internet usage fees, postage meter rental fees, monthly copier maintenance fees, and facility (hangar, tie-down, repeater, storage) rent. This requirement is waived if the unit elects to approve each bill separately. A copy of the CAPF 172 will be sent to the wing director of finance.

(8) Meet at least quarterly and maintain a record of all finance committee meetings and approvals. These meetings and approvals may be conducted via teleconference or electronically; however, a written record with a list of attendees and the date of the meeting must be maintained on file.

(9) Develop and approve an annual budget as a forecasting tool. The budget must be sent to the wing director of finance by 1 October each year. Budgets will be entered at wing level into QuickBooks® to provide quarterly reporting to units. The unit is expected to strive to maintain a balanced budget – income equals expenditures other than projects for which reserves have been set aside. To ensure solvency, if an expense category exceeds its allocated budget amount, the overall budget must be revised to maintain a balanced budget. The unit must review their budget quarterly. Review of the budget should be noted in the minutes of the Finance Committee. If the unit determines there are no changes to the budget, the unit should note the review of the budget in their finance committee meeting minutes. The unit is not required to notify the wing if no budget changes are required.

## 10. Internal Controls.

a. Wings must maintain an adequate system of internal accounting controls over all wing funds in accordance with generally accepted accounting principles and practices.

b. Wings will ensure proper segregation of duties so that no one person has excessive control over wing finances.

c. All financial records must be filed and maintained at wing HQ in locked file cabinets or a locked room. Wings will maintain supporting financial documentation for their subordinate units.

## 11. Banking.

a. Units below wing level will not open or maintain bank accounts or petty cash accounts.

b. The use of counter checks is prohibited.

- c. Pre-numbered, three-part, voucher checks will be used for main accounts. Specialty accounts may use duplicate checks or photocopy checks. One part of the three-part check, the duplicate copy, or a photocopy of the check will be attached to the related paid bill.
- d. Voided checks will be defaced, recorded and voided in QuickBooks<sup>®</sup>, and kept on file.
- e. Checks must not be pre-signed.
- f. All checks require original signatures. Stamped or electronic signatures are not permitted on checks.
- g. All checks over \$500 require two original signatures. Checks with one signature may be issued for checks over \$500 provided the bill and supporting documentation has been processed and approved by the finance committee through Sertifi prior to issuing the payment.
- h. Check signatories must not be spouses or members of the same household.
- i. If a check requires a second signature, only one of the signatories may be a paid employee.
- j. All electronic payments over \$500 require two electronic or written approvals prior to release. One signature is allowed to release electronic payments over \$500 provided the bill and the supporting documentation has been processed and approved by the finance committee through Sertifi.
- k. Signatories must never sign checks made payable to themselves, their spouse or to members of their household.
- l. Checks must not be made payable to “cash.”
- m. Main bank account signatories will be selected from members of the finance committee. Special activity accounts, such as for encampments, conferences, or other activities, must have at least two authorized signatories who are members of the wing finance committee, but may also have authorized signatories who are not members of the wing finance committee. All special activity accounts will be recorded in QuickBooks<sup>®</sup>.
- n. The wing must use the services of a bank that provides the original cancelled check with the monthly bank statement, an imaged copy of the check, or an imaged copy must be available from the banking institution on-line. If the bank has a policy that the imaged copy is only available on-line for a limited amount of time, the wing must print all copies of the cleared checks and maintain copies with the paid documentation. Banks, credit unions, or savings and loans that provide only the number of the cleared check must not be used.
- o. All accounts require two signatures to close or transfer funds to an account in another financial institution. The wing finance committee may authorize transfers of funds to wing accounts within the same financial institution using a single signature by completing CAPF 172, *Consolidated Finance Authorizations*, and defining dollar limits.
- p. All checking accounts must be reconciled on a monthly basis within 30 days after the bank statement closing date. Bank reconciliations may not be completed by a paid employee. Other accounts will be reconciled when a statement is received. The detailed bank reconciliation report from QuickBooks<sup>®</sup> will be filed with the bank statement. All bank statements and reconciliations must be uploaded to SmartVault. All bank reconciliations will be reviewed and signed at least quarterly by a member of the finance committee other than the individual who prepared the reconciliation.



q. All wings will establish and maintain consolidated checking and savings accounts designated for the units below wing level. Checking account interest on subordinate unit accounts may be used to defray wing administrative costs of managing accounting for unit funds. Interest and dividends on unit savings, certificates of deposit and investment accounts will be allocated at least quarterly. Except for unit deactivation, wings will not be permitted to commingle wing funds with subordinate unit funds nor use subordinate unit funds for any purpose not approved by the subordinate unit.

r. Subordinate units must either deposit their funds in the bank account established by the wing for subordinate unit funds or mail the checks directly to wing headquarters. Cash must not be sent to wing for deposit. Cash must be immediately converted to a money order or check before being submitted to wing for deposit. If the funds are deposited by the subordinate unit, it must fax, scan and e-mail or mail deposit instructions to the wing advising proper allocation and classification of the transaction along with a copy of the deposit slip to be received at wing HQ within 7 days of making the bank deposit. After 1 year from the date of deposit and after making at least three notices to all units of the date and amount of an unclaimed deposit, the unclaimed funds will be allocated among all units participating in that bank account.

s. Financial institutions often require proof of the status of the wing as an administrative subdivision of Civil Air Patrol, its charitable status, and the EIN (Employer Identification Number). These can be provided through a form letter from the General Counsel Office. Request the letter by e-mail to [gc@capnhq.gov](mailto:gc@capnhq.gov) or fax to (334) 265-4352. Provide the contact information for the bank (i.e., name, address, telephone number, fax number and the name of the point of contact) and the wing name (as it will appear on checks) and unit charter number.

t. Wings will utilize banks with a security rating greater than "1" as stated on [www.bankrate.com](http://www.bankrate.com). NHQ/FM will evaluate bank ratings at the end of the fiscal year. Funds that are held in banks rated "1" or less must be moved to a bank with a more secure rating within 4 months of being notified by NHQ/FM.

**12. Aircraft Minor Maintenance.** All payments for flying must be either sent to wing HQ for deposit or deposited into the unit account not later than the 15th of the succeeding month. Wings may draft back the minor maintenance payments from the units without further approval but must send a notification to the affected unit informing them of the amount and date of the draft back. Payments must contain the aircraft tail number.

**13. Tail Number Accounting.** All flying hours must be entered into the Web Mission Information Reporting System (WMIRS). Under the e-108 system, wings will be required to record a deposit for each batch on all NHQ-reimbursed missions. The deposit must be broken down by total aircraft fuel, total aircraft minor maintenance (if applicable) and total other on the QuickBooks® deposit form. Breakdown by mission type will continue to be required; however, tail numbers will not be required. All non-NHQ-reimbursed flying must be recorded in QuickBooks® using invoices on an accrual basis.

**14. Consolidated Aircraft Maintenance.** When aircraft maintenance expenses are paid by NHQ under the consolidated maintenance program, wings must ensure that category B and C mission customers, including members, are charged at least the published hourly aircraft minor maintenance rate. NHQ will evaluate CAP flying hours quarterly to determine the total amount due for category B and C mission flying. NHQ/FM will assess each wing for the minor

maintenance for each of the hours flown by sending a draft notification. Wings will review the notice and respond in writing the approval or dispute of the draft within 15 days of the notice. If a wing disputes the amount of the draft, an additional 30 days will be allowed to evaluate and resolve the dispute. The region commander will be notified of the dispute. All disputes must be resolved and payments received within 45 days of the initial notification. In the event of an unresolved dispute, the region commander will authorize the final payment amount. Approval of the draft is also approval for the funds to be drafted on the date that is stated on the notice.

**15. Donations.** Copies of all donation checks and any supporting documentation must be sent to wing HQ.

**16. Investments.**

a. Wings may invest funds in savings, certificates of deposit, or money market accounts. All funds so invested must be readily available without loss of principal. All other investments must be pre-approved by NHQ/FM. Donor-restricted contributions or bequests of investments must be approved by NHQ/GC prior to acceptance.

b. Units below wing level may invest funds in certificates of deposit or other investment instruments. All funds so invested must be readily available without loss of principal.

c. Unit certificates of deposit will be held and managed at wing.

d. Donor-restricted investments or bequests of investments must be approved by NHQ/GC prior to acceptance.

**17. Deposits.** All funds will be deposited in the name of Civil Air Patrol. Funds should be deposited daily, if possible. Wings will maintain copies of all deposit slips. All funds collected for any activity, including fundraising, must be deposited upon receipt. Funds collected on site may not be used to pay any expenses. All expenses for the activity must be paid via check from the unit funds held by the wing or paid by the member and the member will be reimbursed from the unit funds held by the wing. Advances are also allowed to reduce the financial burden on members provided all requirements for advances are met.

**18. Payments.** All payments will be made by the wing. If the payment is at the request of a unit below wing level, it must be approved by that unit in accordance with the unit's CAPF 172 on file at wing. All personal reimbursement requests must be submitted within 60 days of incurring an expense or receiving an invoice. Requests for reimbursement presented after 60 days will not be honored.

**19. Debit Cards.** Debit cards will be used for deposit purposes only.

**20. Credit Cards and Credit Accounts.**

a. Credit card and credit account use is permitted. In order to use credit cards and credit accounts, each unit will complete CAPF 172, *Consolidated Financial Authorizations* to authorize users.

b. Credit cards and credit accounts may be authorized for units below wing level by the wing commander. In such case, the credit application must be submitted to the Chief Financial

Officer (NHQ/FM) for review and approval. Units below wing level will forward their CAPF 172 to the wing director of finance. Credit cards and credit accounts will be issued or opened in the name of the CAP unit.

c. All usage must be documented with detailed receipts and submitted to wing headquarters within 21 days of the statement closing date. Cardholders may “batch” their receipts and send a consolidated report when the credit card statement is issued.

d. Credit cards and credit accounts must be used for authorized purchases only. Credit cards will not be used for cash advances. Lost or stolen credit cards must be reported to the credit card issuer and the responsible unit’s commander immediately. All usage must be documented with detailed (showing the amount, date, place, and essential character of each expense) receipts and submitted to the responsible unit’s headquarters within 21 days of the statement closing date. Cardholders may “batch” their receipts and send a consolidated report when the credit card statement is issued. Personal expenditures are not authorized under any circumstances. All losses incurred from the use of these credit cards will be the responsibility of the approving unit. If cardholders do not submit receipts timely or any other violation of the above occurs (including personal usage), the responsible unit’s Finance Committee must send the cardholder a warning letter/e-mail documenting the violation. The member is required to acknowledge receipt of the letter and his/her understanding of the violation of the credit card policy resulting in the warning letter. Any personal use of the credit card must be immediately reimbursed to the unit. Upon the third warning the card will be deactivated. Credit card accounts and individual credit cards may be closed, deactivated or revoked at any time by the commander approving the account or the card without recourse.

**21. Fixed Assets.** Assets purchased or donated with a per-item value of \$5,000 or more and a useful life of more than 1 year will be recorded at the wing as a fixed asset. If the asset is purchased by or donated to a unit below wing level, the acquiring unit will report the acquisition to the wing director of finance using an Asset Report. The wing director of finance will report all qualifying asset acquisitions to NHQ/FM using an Asset Report. Assets purchased with a per-item value of less than \$5,000 will be expensed in the month purchased. Any changes to current fixed assets, such as disposals or sales, will be reported to NHQ/FM. Annual depreciation expense data will be furnished by NHQ/FM and recorded in the wing financial records by the wing financial analyst. See CAPR 174-1, *Property Management and Accountability*, for additional fixed asset requirements.

**22. Contributed Facilities and Utilities.** Not later than 1 November of each year each wing will provide a completed CAPF 174, *Unit Contributed Facility Worksheet*, to the wing financial analyst. The wing CAPF 174 will state the type, square footage and, if known, the fair rental cost of all facilities for which CAP is given exclusive use. Facilities include meeting areas, storage areas, hangar space, aircraft tie downs, etc., for which CAP is charged less than the fair market rental rate. The wing’s CAPF 174 will include all subordinate units. The fair market value of donated utilities will also be reported.

### **23. Payroll.**

a. Units below wing level will not have paid employees unless approved in writing by the appropriate wing commander. If so approved, all payroll transactions must be processed through NHQ.

b. All wing staff paid with federally appropriated or CAP funds must be compensated through the NHQ payroll process. Payroll hours for wing employees will be submitted to NHQ/FM after approval by the wing commander. In the commander's absence, a member of the finance committee, other than the director of finance, will approve payroll hours. Employees who are working on behalf of CAP who are paid directly by a state are excluded from these provisions.

**24. Travel.** All wings will establish in a written Financial Management Procedure a travel policy. All travel must be properly approved and documented on a wing travel expense report. All travel expense reports and receipts must include the business purpose of the travel.

**25. Business Meals and Entertainment.** Business meals and entertainment may not be paid for or reimbursed with Civil Air Patrol appropriated funds. Business meals and entertainment may be paid for with CAP corporate funds when authorized by the finance committee. Business meals and entertainment expenses must be documented on CAPF 170, *Business Meals and Entertainment Form*, with detailed receipts (original, scanned or fax copies) with details of the charges and there must be a written document clearly stating the date, place, individual(s) attending, and the business purpose of the meal or entertainment.

a. Entertainment. To be authorized, entertainment expenses must be ordinary and necessary per the IRS definition and must meet both of the following criteria:

(1) Directly-related test. The entertainment took place in a business setting and the purpose is to promote CAP; the main purpose of the combined business and entertainment was the active conduct of business; you did engage in Civil Air Patrol business during the entertainment period; and you had more than a general expectation of Civil Air Patrol getting income or some other specific business benefit at some future time. Conventions and hospitality rooms, among other activities, may meet this test. If Civil Air Patrol business is only incidental to the entertainment, the expenses do not meet the "directly-related" test. For example, cocktail parties and sporting events are considered entertainment that is not directly-related entertainment expense.

(2) Associated test. The entertainment must be directly associated with the conduct of Civil Air Patrol business and there must be a clear business purpose; and the entertainment must occur before or after a "substantial business discussion." There must be an active discussion, negotiation, or other transaction pertaining to the business of Civil Air Patrol.

b. Business Meals. A business meal is defined as a meal shared by employees, volunteers, or donors during which business discussions take place; for example, staff meetings. However, banquets, cookouts, cadet pizza parties, etc, do not require CAPF 170. To be authorized, business meals must meet all three of the following criteria:

(1) Members must obtain approval from their respective finance committee to obligate the corporation for the business meals;

(2) The business meals must not be lavish; and

(3) Alcoholic beverages will not be reimbursed.

**26. Fundraising.** The wing director of finance is responsible for ensuring accurate accounting and control of monies raised under fundraising programs or grants. Specific details for authorization and types of fundraising and grants permitted are covered in CAPR 173-4, *Fund Raising/Donations*. Prior approval, in writing, must be obtained from NHQ/GC for any

proposed fundraising plan that provides for a professional fundraiser and/or for the payment of a percentage or commission of the funds raised to any person or organization. CAP members or relatives will not profit from any CAP activity. Any and all funds derived from approved fundraising activities must be devoted to the objectives and purposes of CAP.

**27. Raffles.** Raffles must comply with all federal, state and local laws and be registered when required. All raffles must be reported to NHQ/FM in writing before the first sale of any ticket. NHQ/FM will then be responsible for filing all IRS forms. If the fair market value of the raffle prize is \$600 or greater, it must be reported to the IRS via Form W-2G. If the raffle offers a prize with a fair market value in excess of \$5,000, the winner will be required to pay withholding tax equal to 25% of the fair market value of the prize less the initial wager in accordance with IRS regulations. Each person accepting the award is required to complete an IRS Form 5747 (available at [www.irs.gov](http://www.irs.gov)). (See Instructions for Forms W-2G and 5747 available at [www.irs.gov](http://www.irs.gov).) Any wing or unit sponsoring a raffle and failing to obtain the withholding tax from the winner will be required to pay the taxes on behalf of the winner.

**28. Financial Records.** Financial records of original entry will be maintained at wing HQ. All financial records must be made available to the region/wing commanders, region/wing director of finance or controller, members of region/wing/finance committees, wing financial analysts, NHQ/FM, State and United States Government auditors, external auditors, CAP/IG, or any CAP-USAF personnel. Records relating to deposits/expenses originating at a unit level below wing will be made available to all subordinate commanders, finance officers, IGs and finance committees in the chain of command in which the deposit/expense originated. All financial records will be retained by the wing in accordance with CAPR 10-2, *Files Maintenance and Records Disposition*. CAPR 10-2 specifies the record retention requirements of DoDGARs.

**29. Wing Change of Commander or Director of Finance Audits.** Upon change of a wing commander and/or wing director of finance, an internal financial review must be performed.

**30. Annual Audits.** Wings will be included in the “national audit” unless other circumstances require the wing to have a separate external audit.

a. The following requirements apply to wings included in the “national audit:”

(1) Wings that have been included in the “national audit” will not receive separate audited financial statements. The wing’s financial transactions are included in the “national audit,” so there are no separate figures to report.

(2) The wing financial analyst will compile the year-end audit for submission to the “national auditor.”

b. All commanders of units below wing level will sign and submit CAPF 171, *Unit Commander’s Financial Disclosure Statement*, to wing HQ by 1 November each year.

c. Wings must notify NHQ/FM by 30 June each year if a separate external audit is required. The notification must include the reason(s) that the separate external audit is required.

**31. Unit Deactivations.** Since units will not normally retain funds, there are usually no accounting implications from unit deactivations. Any funds retained on behalf of the deactivated unit remain the property of Civil Air Patrol and will be moved from the subordinate unit bank account to the wing’s bank account. If there were restricted funds controlled by the deactivated

unit, the wing director of finance should consult with the wing legal officer to determine if the funds must remain restricted. All investment instruments held by a deactivated unit will be transferred to the wing. The wing finance committee will determine if a deactivated unit's funds are to be held at wing HQ or transferred to another unit.

### **32. Financial Noncompliance.**

**a.** Units below wing level that fail to comply with any portion of this regulation may be subjected to disciplinary or administrative action, up to and including deactivation, by the wing commander.

**b.** Wing staff has a fiscal responsibility to the membership of CAP and to the federal government to ensure that due diligence is given to the accounting for federal funds and corporate assets. Wings that do not adhere to the directives outlined in this regulation and are found to be noncompliant will be subject to the actions outlined in this section.

**(1)** Level One Violations. Level One violations include first-time notifications of noncompliance with regulations and significant breakdowns in internal controls, including failure to perform internal financial reviews. Level One violations shall result in a written notification from the region commander in consultation with the CAP Chief Financial Officer (NHQ/FM) to the wing commander. This letter will detail the noncompliance and suggest a means of correcting the issue, together with a proposed date of compliance.

**(2)** Level Two Violations. Level Two violations include failure to correct Level One notification issues within the amount of time specified in the Level One letter or serious noncompliance issues. Letters directing Level Two status will be issued by the region commander and the Chief Financial Officer, and will result in withholding of all corporate (non-appropriated) reimbursements including dues rebates. Copies of the letter will be distributed to the National Commander, Chief Operating Officer, and CAP-USAF/CC.

**(3)** Level Three Violations. Level Three violations include significant noncompliance issues as a result of fraud or extreme financial mismanagement. Examples include failure to correct Level Two findings, fraud, intentional misuse of funds, or other extreme violations. With the concurrence of the region commander and Chief Operating Officer, the National Commander and CAP-USAF/CC will place the wing on freeze for all Air Force and corporate mission flying and activities. In addition, cases of fraud will be referred to appropriate law enforcement agencies.

CHARLES L. CARR, JR.  
Major General, CAP  
Commander



# NATIONAL HEADQUARTERS CIVIL AIR PATROL

## CAP REGULATION 173-4

16 DECEMBER 2014

Finance

### FUND RAISING/DONATIONS

This regulation covers fund raising activities and donations to Civil Air Patrol (CAP) at the National, region, wing and subordinate unit-level. Note: Shaded areas identify new or revised material.

**SUMMARY OF CHANGES.** Changes in reporting agent and centralizes all fund raising activity with the Director of Development (NHQ/COD) for gift acceptance and acknowledgement. Implements the use of CAP Form (CAPF) 164, *Donation Receipt*. Provides guidance on bequests and legacy gifts and how they are to be recorded and administered. Provides updated guidance on suggested fund raising activities and updated guidance on booster clubs. **Note: Shaded areas identify new or revised material.**

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## SECTION A – GENERAL INFORMATION

**1. General.** CAP needs for operating funds, equipment, supplies, facilities, member training and enrichment, etc. can be greatly assisted by an active fund raising program combined with attracting donations—both money and property (in-kind). The keys to these programs are CAP's federal tax exempt status and the public's awareness of CAP's public service as volunteers.

**2. No Air Force Involvement.** It is important that no suggestions or inference be made in any CAP fund-raising program that the Air Force is involved or would benefit. Therefore, wear of the Air Force-style CAP uniform in fund raising activities is limited to cadets. Advertising and promotional matter should clearly identify CAP as a distinct organization from the Air Force. (See also paragraph 15f.)

### **3. Wing Commander's Responsibility.**

**a.** Wing commanders are responsible for maintaining control over all CAP fund raising activities organized within their wings. Subordinate units must obtain prior written approval from the wing commander or designee before initiating a fund raising project. Fund raising activities will be limited to solicitations within the respective wing.

**b.** Wing commanders are encouraged to appoint qualified individuals to the wing staff, such as a person who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer a fund raising program. When possible, the wing commander should appoint an individual with a general knowledge of fund raising techniques and applicable legislation within the wing that will govern fund raising activities. Another source to fill the position would be the government relations advisor for the wing if that individual has experience and knowledge in the fund raising field. Qualified people in this position can be the key to a successful wing fund raising program.

**c.** Wing commanders should utilize the services of the wing legal officer in reviewing proposed fund raising programs. The legal officer, as well as the individual responsible for fund raising activities should be thoroughly familiar with applicable legislation within the wing that governs fund raising activities within the state. If legislation requires registration with the state, it is the wing commander's responsibility to ensure that CAP is in compliance. In most states, this information can be secured from the state's Attorney General office. Prior to a wing submitting application for registration within the wing, the public affairs officer/government relations advisor should check with **Director of Development (NHQ/COD)** to ascertain if permission to raise funds within the wing have already been secured by National. In some cases the National registration will suffice for all CAP fund raising activities within the wing. Any state required reporting procedures for fund raising activities will be the responsibility of the wing commander.

### **4. Region Commander's Responsibility.**

**a.** Region commanders are responsible for maintaining control over all CAP fund raising activities organized to solicit funds for the region. Fund raising activities will be limited to the respective wings within a region. If the fund raising activity is for the purpose of securing funds for the region and the wings within a region (revenue sharing), the region commander will be responsible for maintaining control over appropriate accounting procedures for distribution of funds.



b. Region commanders are encouraged to appoint qualified individuals to the region staff, such as a person who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer a fund raising program. When possible, the wing commander should appoint an individual with a general knowledge of fund raising techniques and applicable legislation within the wing that will govern fund raising activities. Another source to fill the position would be the government relations advisor for the wing if that individual has experience and knowledge in the fund raising field. Qualified people in this position can be the key to a successful region fund raising program.

c. Region commanders should utilize the services of the region legal officer in reviewing proposed fund raising programs. The legal officer, as well as the individual responsible for fund raising activities should be thoroughly familiar with applicable legislation within the wing that governs fund raising activities within each wing. If legislation requires registration within a state, it is the region commander's responsibility to ensure that CAP is in compliance. In most states, this information can be secured from the state's Attorney General office. Prior to a region submitting application for registration within a wing, the public affairs officer/government relations advisor should check with NHQ/COD to ascertain if permission to raise funds within a particular wing has already been secured by National. In some cases the National registration will suffice for all CAP fund raising activities within a wing. Any state required reporting procedures for fund raising activities will be the responsibility of the wing commander.

**5. National Fund Raising Activities.** National fund raising programs may be developed and implemented at NHQ CAP by the Director of Development. These fund raising activities will be conducted in accordance with the ethical standards as set forth by the Direct Marketing Association (DMA) and the Association of Fund Raising Professionals

**6. CAP Tax Exempt Status.** An important part of soliciting donations or conducting fund raising activities is CAP's federal tax exempt status. The IRS has ruled that CAP and its subordinate units are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. This makes donations to CAP eligible for deductions from income by donors as "charitable contributions" to the extent allowed by law. Verification of CAP's tax exempt status may be found by referring to the IRS's annual edition of "publication 78" or by requesting a current letter or exemption from NHQ/COD.

## **SECTION B – DONATIONS – PROCEDURES**

**7. Donations of Property.** Selected solicitation campaigns may be effective to obtain donations of property such as computers, aircraft, vehicles, radios, etc. For aircraft and vehicles, prior approval is required from the Chief Operating Officer (NHQ/CO). CAPF 164, *Donation Receipt*, must be executed for all donations of \$250 or more where no goods or services are provided to the donor and all donations of \$75 or more where goods or services are provided to the donor. It is important that it is completely filled out and a copy retained in the Commander's file accepting the donation. In addition, the donor may request an IRS Form 8283. You may obtain an IRS Form 8283, Non-cash Charitable Contributions, and instructions at <http://www.irs.gov/formspubs/>. CAP officers who may accept property donations are:

- a. Wing commanders – for donations of property valued by donor up to \$5,000.
- b. Region commanders – for donation of property valued by donor between \$5,000 and \$10,000.
- c. Chief Operating Officer – for donations of property valued by donor in excess of \$10,000.

**8. Donation or Bequest of Money.** A CAPF 164, *Donation Receipt*, is completed when money is donated or bequeathed to CAP. A CAPF 164 must be executed for all donations of \$250 or more where no goods or services are provided to the donor and all donations of \$75 or more where goods or services are provided to the donor. It is important that it is completely filled out and a copy retained in the Commander's file accepting the donation. Funds received by donation or bequest must be accounted for as required by CAPR 173-1, *Financial Procedures and Accounting*. Units below wing level receiving donations or bequests in excess of \$5,000 must notify their wing financial officer, the Chief Financial Officer (NHQ/FM) and the Director of Development (NHQ/COD) within 30 days of receipt of the donation or bequest. Bequests are a special type of gift to the organization. The organization receiving the bequest should notify, through the chain of command, NHQ/COD when a bequest is received or the intent to leave a bequest is received to ensure proper documentation is provided to the executor.

**9. Disposition of Donated Property - Within 2 Years.** Property donated to CAP valued at \$5,000 or more by the donor shall not be sold, exchanged or disposed of within two years of its receipt without written permission of NHQ/CO. When permission is required, the unit commander may request permission by submitting a written request through the chain of command to NHQ/CO with a copy of the Certificate of Donation and the donor's Taxpayer Identification Number (TIN) or Social Security Number (SSN).

**10. Donation of Motor Vehicles, Aircraft or Boats.** To comply with the requirements of the American Jobs Creation Act of 2004, effective 1 Jan 05, in addition to the IRS Form 8283 (if requested by the donor), the receiving unit must acknowledge the donation, either by paper copy to the donor or electronically, such as via an e-mail addressed to the donor. The acknowledgement must be sent no later than 30 days after the unit sells the motor vehicle, aircraft or boat (if it intends to sell the motor vehicle, aircraft or boat when it receives it) or 30 days from the date of the contribution. A copy of the acknowledgement will be sent or e-mailed to Chief, Financial Accounting (NHQ/FMF), General Counsel (NHQ/GC), Director, Logistics (NHQ/LG) and the Director of Development (COD). The acknowledgement must state the name and taxpayer identification of the donor, the motor vehicle, aircraft or boat identification number, and either

- a. a statement certifying that the motor vehicle, airplane or boat was sold in an arm's length transaction between unrelated parties, the gross proceeds received from the sale and a statement that the donor may not deduct more than the gross proceeds from the sale; or
- b. if the receiving unit intends to use the motor vehicle, airplane or boat for CAP business, a statement certifying the intended use, the minimum duration of that use, and that CAP will not sell the motor vehicle, airplane or boat before the completion of that use; or
- c. if the receiving unit intends to make a material improvement to the motor vehicle, airplane, or boat, a statement certifying the intended material improvement and that CAP will not sell the motor vehicle, airplane or boat before completion of the improvement.

NHQ/FMF will issue a form 1098-C, Contributions of Motor Vehicles, Boats and Airplanes to the donor not later than 31 January of the year following the year of donation, based on the information shown on the acknowledgement provided by the wing or region receiving the donation.

## **SECTION C – SUGGESTED FUND RAISING ACTIVITIES**

### **11. The following are suggested activities for fund raising or donations:**

**a.** Combined Federal Campaign (CFC). Each fall (Oct-Nov) local federal activities conduct one fund raising campaign among federal workers for all private charities. Civil Air Patrol is a federally tax exempt 501(c)(3) organization that meets CFC health, welfare and human welfare service criteria. This means that federal employees may designate CAP or any unit as the recipient of an annual donation. Local CFC campaigns may publish a list of eligible organizations. If possible, units should attempt to be included. If not included, CAP is still eligible and CAP units may attempt to publicize its eligibility throughout local federal organizations. CAP units may send flyers or letters through federal organizations' distribution systems indicating 1) your eligibility, 2) your service to the community and 3) a request for donations. Appropriate documentation is available to all CAP units upon written request to the NHQ, Director of Development.

**(1)** Each federal employee receives a CFC contribution form that permits donations to a) organizations on the local CFC list or b) an organization not on the list. If CAP or a CAP unit is not on the local list, encourage all federal employees to write in CAP or the local unit.

**(2)** The CFC can be a valuable source of funds for local CAP units. Federal organizations that conduct CFC campaigns include all federal agencies, not only DoD agencies.

**b.** United Way Campaigns. These are conducted in many local areas and are very similar to the CFC campaign except they are nonfederal in nature. CAP units may be eligible to receive donations from United Way Campaigns in their local area depending on local rules and activities of the CAP in that area. Check with your local United Way office. Please contact the NHQ Development Office for necessary documentation for application.

**c.** Foundations/Corporation Grants. Commanders should utilize the services of the CAP Development office for assistance. Grant requests should be based on specific needs, that is, search and rescue equipment, cadet program operations, scholarships for cadets, etc., and specific trips for cadets to National and region activities. Most corporations and foundations require a written application and may require some monitoring of funds to ensure they are properly used. Care should be taken to preclude duplication of solicitation of grants from the same organization. Grants and donations from corporations and foundations can provide significant amounts of money if pursued correctly and with persistence. Furthermore, an effective grant program can be made into a recurring source of funds from the same corporations and foundations. The most important factors in an effective grant program is 1) CAP's federal tax exempt status, 2) the effective "selling" of CAP's missions and needs and 3) assuring and providing potential grant organizations publicity and recognition of their generosity.

## 12. Percentage Professional Fund Raising.

a. The use of fund raising promoters who charge a percentage of the proceeds is prohibited.

b. Civil Air Patrol units are prohibited from entering into contracts with these types of fund raising programs. However, there are other types of fund raising activities allowing the unit to retain a percentage of the selling price of a product that may be approved. These types of fund raising activities will require the approval of NHQ/GC and NHQ/COD. Requests should be submitted through the respective wing or region commander, which ever applies.

**13. Suggested Local Unit Fund Raising Activities.** *Units should make sure that fund raising activities do not violate local laws or ordinances.* In many areas, permits or licenses are required for certain activities. It is the unit commander's responsibility to make sure these are obtained where applicable. These are a few of the many ideas for local units fund raising:

a. Raffles or ticket sales for drawings of merchandise if permitted by local law.

b. Operation of concession booths at air shows, state fairs or other type of activities. These booths can sell hot dogs, soft drinks, cookies, etc. (See prohibited activities in Paragraph 14 below for air show prohibition.)

c. Car or aircraft washes.

d. Rummage sales and bake sales.

e. Collecting and selling recyclable items such as paper, bottles, cans, etc.

f. Sale of advertising space in CAP unit newspapers, also sale of bumper stickers.

g. Sale of Christmas items such as trees and Christmas cards.

**14. Prohibited Fund Raising Activities.** The following activities are prohibited:

a. Sponsoring or Flying in Air Shows. No CAP unit will sponsor or co-sponsor any air show or participate in any flying activities in any air show. This is important as such activities would jeopardize CAP's aviation liability insurance.

b. Penny a Pound Airplane Rides. No CAP unit may in any way conduct flights carrying a passenger for a charge, and this is specifically prohibited by CAP's aviation liability insurance.

c. Dropping Objects from Aircraft or Spot Landing Contests.

d. Percentage Professional Fund Raising. These programs are prohibited as outlined in Paragraph 12b above.

e. Personal Pecuniary Gain. No CAP member will engage in fund raising activities which results in a pecuniary benefit to that member. This does not prohibit CAP members being reimbursed for legitimate expenses incurred in fund raising activities.

f. Sale of Alcoholic Beverages. No CAP member will engage in the sale of alcoholic beverages.

**g.** Gambling (or gaming). No CAP unit or member will engage in gambling (the act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event) as a fund raising activity, including, but not limited to bingo and pull-tab operations in which money or something of value is risked in order to participate. (Raffles or ticket sales for drawings of merchandise are authorized in accordance with paragraph 15a.)

**15. Booster Clubs.** Booster clubs, when created are for the sole support of the local CAP Squadron.

**a.** Parents, community leaders and CAP members may create booster clubs to support local units. Such booster clubs must exist as entities wholly separate and apart from any CAP control and bear sole responsibility for compliance with local, state and federal laws.

**b.** CAP commanders at all levels, and executives (managerial employees) are prohibited from participating in the creation, organization or control (serving in positions of authority) in these organizations. Serving in an advisory capacity, to report on the status, needs and wants of a unit and its members, is acceptable. (Not applicable to booster clubs formed before 4 December 2006.)

**c.** Booster clubs may not utilize the name "Civil Air Patrol" or any abbreviation thereof as part of their names or identification. (Not applicable to booster clubs formed before 4 December 2006.) No booster club may use "United States Air Force Auxiliary in its name or identification. Booster clubs may in no way be affiliated with CAP and under no circumstances utilize or imply affiliation with CAP's EIN.

**d.** Subject to the approval of the wing commander, booster clubs may use the name of the unit as part of their names or identification. For example, "Friends of Wright Brothers Composite Squadron 123" would be acceptable. (Not applicable to booster clubs formed before 4 December 2006.)

**e.** Serving concurrently in positions of control in CAP (CAP commanders at all levels, and executives [managerial employees]) and a "booster club." is prohibited. Members of CAP squadrons are prohibited from holding any office in a booster club that provides any type of financial assistance to the Squadron.

**f.** Wear of the Civil Air Patrol uniform and similar clothing while performing fund raising for Booster Club is prohibited. Garments (e.g. squadron t-shirts) identifying the squadron and not referring to Civil Air Patrol are acceptable. Garments (e.g., squadron t-shirts or other forms of clothing identifying the squadron) are not to be worn in conjunction with any activity with the booster club.

**g.** Unit funds must not be transferred to a booster club, either as a donation or to pay for any booster club expenses.

JOSEPH R. VAZQUEZ  
Major General, CAP  
Commander