

## Budgeting

### Lesson Plan:

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**Duration:** 90 Minutes

**Teaching Method:** Lecture/Discussion

**References:** Student Guide, Slide Presentation, & CAPR 173-1, *Financial Procedures and Accounting*

**Teaching Aids/Handouts:** Student Guide & Slide Presentation

**Reading Assignment:** Student Guide

**Lesson Objective:** Comprehend the importance of a unit budget and determine budget requirements.

### Desired Learning Outcomes:

1. Describe the importance of budgeting at the unit level.
2. Identify unit assets and needs.
3. Understand the unit's basic role in the "Wing Banker" program.
4. Discuss techniques for raising funds.
5. Complete a budgeting exercise.

### Lesson Strategy:

This segment is designed to impress upon the participants the need to manage the finances of their unit successfully by budgeting. Squadrons, no matter what size, all receive and spend money; so commanders and key staff officers must initiate a budget process. CAP has mechanisms in place to encourage fiscal responsibility: finance committees, yearly audits, standardized records and practices, etc.

Your job here is to introduce these tools to the participants and show them how these tools are used to make the process of managing unit finances better. You will also show them ways in which to raise funds for their unit to augment money received through purely CAP and Air Force sources.

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At the conclusion of the discussion you will guide them through an exercise where the students will budget for a CAP unit for one fiscal year.

Use at least 50 minutes of the time on the exercise. Provide all the supporting materials. Consider providing copies of CAPR 173-1. It may be easier for you to break up the class into smaller groups. There will not be a lot of time to go into detail. Encourage them to be as complete as possible, and to look at different ways to raise funds outside of the normal system, including ways to get the necessary equipment in lieu of a monetary contribution.

A good method to use when leading the exercise is using elements of the problem solving model (reference Attachment 2, section B in the Student Guide). You may want to put the problem solving steps in view of the students to facilitate the process. Read the exercise and be prepared to use your experience as a leader to answer any questions and encourage free thinking from the students.

### Lesson Outline:

#### **MAIN POINTS:**

- I. The importance of budgeting at the unit level.
- II. Determining your needs and assets.
- III. The unit's basic role in the "Wing Banker" program.
- IV. Techniques for raising funds.
- V. Budgeting exercise.

### Teaching Plan

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**Lesson Objective:** Comprehend the importance of motivation in unit command

#### **ATTENTION:**

Money...“makes the world go ‘round.” As everyone knows, this is especially true in CAP. Part of your job is to make sure that your squadron is fiscally sound. That is, you must ensure that the squadron can pay its debts. Just as important is your skill at finding ways to reduce the cost of volunteering for your members.

**MOTIVATION:**

One of your most important responsibilities as a commander is to ensure that your unit is financially sound. It's ultimately your responsibility to make sure your unit can and does pay its debts and is accountable to the wing, NHQ, and to its membership.

**OVERVIEW:**

Hopefully, this section will make this task a little easier. We will discuss what the unit budget does, and what you need to consider when planning your budget. We'll also discuss some practical fund raising techniques so you may fill your coffers locally. Finally, we'll complete a budgeting exercise so you can practice a little of what you learned. If you work with budgets regularly, this will be a refresher, if you don't, you'll get an idea of what to expect.

STATE: Fiscal responsibility is among the most important things you are entrusted to uphold at your unit.

## Main Points:

**MP I. The importance of budgeting**

Budgeting is a must because:

- A. You need to know how much money the unit has.
- B. You need to know how much it needs to spend.

**MP II. Determining your assets and needs**

- A. Get together with your finance committee.
- B. Use your monthly cash and investment reports as a guide.
- C. To determine what you have (assets) consider the following:
  - 1. Cash.
  - 2. Assets.
  - 3. Supplies.
  - 4. Reimbursements from USAF and CAP.
  - 5. Etc.
- D. To determine what you need money for review the following:
  - 1. Rent/utilities.
  - 2. Insurance.
  - 3. Activities.
  - 4. Maintenance.
  - 5. Transportation costs.
  - 6. Etc.

- E. To find the difference between what you have and what you will need:
  - 1. Determine how you will make up the difference.
  - 2. Raise funds.
  - 3. Reassess your reimbursement procedures.
  - 4. Receive donations.
  - 5. Share expenses.
  - 6. Reassess budget priorities (downsize).

### **MP III. The Unit's Role in the "Wing Banker" Program:**

- A. The overarching concept of the "Wing Banker program" is to have each wing act as "banker" for its respective units.
- B. Each unit should maintain a finance officer and finance committee as required in CAPR 173-1.
- C. Wing commander must approve all fundraising requests.
- D. The unit finance committee continues to play a very important role and is crucial in the management of the unit's financial transactions. The only difference is that wing is now their bank, their accountant, and their reporter.

### **MP IV. Techniques for Raising funds**

- A. General.
  - 1. Refer to CAPR 173-4 *Fundraising/Donations*.
  - 2. Method of fundraising chosen should fit the amount of money needed and how long the campaign is expected to be sustained.
  - 3. Two must do's:
    - a. Obtain written permission from the wing commander.
    - b. Comply with local and state fundraising laws and regulations.
- B. Fundraising ideas:
  - 1. Storefront collection.
  - 2. Bake sales/pancake breakfasts.
  - 3. Rummage sales.
  - 4. Locally contracted merchandise (contact NHQ/GC for information).
  - 5. Car/aircraft washes.
  - 6. Commercial sponsorship.
  - 7. Etc.
- C. Fundraising don'ts
  - 1. Sponsoring or flying in airshows.
  - 2. Carrying aircraft passengers for charge.
  - 3. Dropping objects from aircraft or spot landing contests.
  - 4. Percentage professional fundraising (unless specifically approved in writing and in advance by NHQ).
  - 6. Activities for which CAP members receive personal financial gain.
- D. Donations
  - 1. Equipment donations are an attractive alternative to fundraising.
  - 2. You solicit the donation, and the wing commander (or higher) accepts the donation on behalf of CAP.

### Exercise:

Break up the class into smaller groups (4-5 per group).  
Compare the process to the problem solving model.  
Not much time for detail, but encourage all to be as complete as possible.  
Have the groups share their results and identify different solutions.

#### **Student Guide Questions:**

##### **Why is budgeting important, even to a small unit?**

*It's important because units need to know both what they need to have and how much money is available so they can determine how much more money they need.*

Field any questions the students may have.

### Lesson Summary:

#### **SUMMARY:**

You can apply these skills to assess your unit's fiscal shape and compare what you have to spend to the priorities you have for shaping and expanding your unit. By using these skills, you can determine how far you must go financially to achieve your goals.

#### **REMOTIVATION:**

One of your most important responsibilities as a commander is to ensure that your unit is financially sound. It's ultimately your responsibility to make sure your unit can and does pay its debts and is accountable to the wing, NHQ, and to its membership.

#### **CLOSURE:**

What we learned here today will make your units financial management process a little easier to understand. We discussed what the unit budget does, and what you need to consider when planning your budget. We also discussed some practical fund raising techniques so you may fill your coffers locally. Finally, we'll complete a budgeting exercise so you could practice what you learned. If you work with budgets regularly, this was a refresher, if you don't, you got an idea of what to expect.

### Suggested Questions:

1. **Why is budgeting important to the unit?"**

Answer: Budgeting is a must because:

- You need to know how much money the unit has.
- You need to know how much it needs to spend.

2. **How can a unit determine what assets it has?**

Answer: consider the following:

- Cash.
- Assets.
- Supplies.
- Reimbursements from USAF and CAP.
- Etc.

3. **List fundraising ideas that may work in your unit.**

Answer:

- Storefront collection.
- Bake sales/pancake breakfasts.
- Rummage sales.
- Locally contracted merchandise (t-shirts, hats, etc).
- Car/aircraft washes.
- Commercial sponsorship.
- Etc.

4. **What The overarching concept of the "Wing Banker" program?**

Answer: to have each wing act as "banker" for its respective units.

### Budgeting Exercise:

**EXERCISE OBJECTIVE:** To enable students to apply what they have learned from the budgeting segment and reach a workable solution to the case presented.

**NOTE:** In completing the exercise the students will show comprehension of Behavioral Outcomes 1, 2, and 3.

In this exercise, you will plan a budget for a composite squadron for one year. What follows is a brief summary of the large 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 2008)
- 1 HP laser printer
- 2 EF Johnson portable radios
- 1 Cannon 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 2012. 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 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.

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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.

You group has 30 minutes to develop a budget. Then we'll spend some time to discuss each group's approach to the process.

Good Luck!

(See exercise data on next page) **Sample Unit Financial Summary**

## CIVIL AIR PATROL

### YOUR WING

**UNIT NAME *REPUBLIC COMPOSITE SQUADRON* UNIT NUMBER *NER-XX-123***

Cash for the unit held at the wing through the Wing Banker program Oct 1, 20XX .....\$324.00

#### **Add: Receipt**

<b>Account No.</b>	<b>Account Title</b>	<b>Amount</b>	<b>Notes</b>
5050000	Gov. Appropriations/Programs	\$960.00	(Mission reimbursement)
5060000	Gov. Appropriations/General	\$0	
5080000	Government Contributions	\$0	
5223200	Senior Activities	\$0	
5224200	Cadet Activities	\$455.00	(7 cadet encamp. fees)
5224300	Combined Senior & Cadet Activities	\$0	
5225200	Flight Activities	\$1073.00	
5240000	Fundraising/Special Events and acts	\$162.50	
5310012	Membership Dues	\$1890.00	(10 seniors @ \$2/wk) 45 wks (22 cadets @ \$1/wk) 45 wks
5412011	Contributions	\$300.00	
5415000	Miscellaneous Receipts	\$0	
5419000	Investment Income/Saving & Temp	\$0	
5424100	Materials and Supplies Sales	\$0	
5424200	Insurance Collected	\$0	
5424300	Unrelated Business Income	\$0	
6300000	Receipts from National HQ	\$290.00	(Cadet Orientation Flights)
6400000	Receipts from other CAP entities	\$0	

**Total Receipts.....\$5130.50**

Total Beginning Balance and Receipts during Year.....\$ 5454.50

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### Less: Expenditures

Account No.	Account Title	Amount	Notes
7100000	Awards and Grants to Individuals	\$50.00	
7210000	Salaries	\$0	
7324000	Workers Comp Insurance	\$0	
7410000	Payroll Taxes	\$0	
7520000	Professional Services	\$125.00	
7600000	Mission Expenditures	\$400.00	
7700100	Supplies	\$150.00	
7701000	Cost of Sales	\$550.00	
7745000	Communication Equipment Purchased	\$0	
7810000	Telephone	\$520.00	
7900000	Postage and Shipping	\$122.88	
8010000	Rent	\$600.00	(Rent \$50/month)
8016000	Property Taxes	\$0	
8085000	Other Facility Expenditures	\$100.00	
8110000	Aircraft O+M	\$1200.00	
8120000	Vehicle O+M	\$160.00	
8123000	Other Equipment Purchased	\$70.00	
8230000	Printing and Publications	\$100.00	
8310000	Travel	\$50.00	
8475000	Cadet Activities	\$605.00	(7 encampment fees/model rocketry)
8476000	Senior Activities	\$75.00	
8480000	Combined Senior & Cadet Activities	\$0	
8540000	Conferences and Meetings	\$0	
8700000	Insurance	\$365.00	
9302000	Miscellaneous	\$40.00	
9305000	Interest Expense	\$0	
9430000	Unrelated Business Income Expenses	\$0	
9434000	Payments to National HQ	\$0	
9436000	Expenditures to other CAP Entities	\$0	
9438000	Fundraising Expenses	\$25.00	
9445000	Lobbying Expenditures	\$0	
<b>Total Expenditures.....</b>		<b>\$5307.88</b>	

Cash in Wing Banker account, Sept 30, 20XX+1..... \$146.62