

## Budgeting

### Lesson Plan

**DURATION:** 90 minutes

**TEACHING METHOD:** Lecture/Discussion/Exercise

**REFERENCES:** Student Guide, CAPM 173-1, *Financial Procedures and Accounting Report for Units Below Wing Level*

**TEACHING AIDS/HANDOUTS:** Student Guide, slide presentation

**READING ASSIGNMENT:** Student Guide

<b>Lesson Objective:</b>	Discuss the importance of a unit budget and identify how to determine budget requirements.
<b>Behavioral Objectives: At the end of this segment students will be able to:</b>	<ol style="list-style-type: none"><li>1. Describe the importance of budgeting at the unit level.</li><li>2. Identify unit assets and needs.</li><li>3. Discuss techniques for raising funds.</li><li>4. Complete a budgeting exercise.</li></ol>

### 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.

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 and CAPF 173 as samples. 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 raising 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.

The teaching outline provides an introduction, outline of the main points, and a conclusion to be adapted as required to meet the needs of a particular wing. The presenter should personalize the lesson to reflect the unique characteristics of the wing.

## LESSON OUTLINE:

### MAIN POINTS:

- I. The importance of budgeting at the unit level
- II. Determining your assets and needs
- III. Raising funds

# Teaching Plan

## Lesson Objective:

Discuss the importance of a unit budget and identify how to determine budget requirements.

### 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:

As technology becomes more advanced, it becomes more expensive. With CAP's increased reliance on technology for communications, SAR, and information management, it can do more, but it costs more to accomplish. For instance, fifteen years ago, one could purchase a Jet Stream hand-held radio at the local electronics store for \$10.00, and actually tune it to 148.15 for close-in ELT searches, such as ramp checks. You can't do that with the digital AM/FM radios sold now. So today, we must use more specialized equipment that is more expensive not only to buy, but to maintain.

It's also becoming more expensive to get uniforms, shoes, facilities, etc. It is vitally important that your unit create and follow a budget. You now must plan your purchases carefully, reimburse people for more items, and be more responsible for unit expenses.

### 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.

## Transition:

STATE: One of your most important responsibilities as a commander is to ensure your unit is fiscally sound. You ensure the unit is accountable to its creditors, the wing, HQ CAP, and your membership.

### MP I. The importance of budgeting at the unit level

Budgeting is a must because:

1. You need to know how much money the unit has.
2. 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 annual financial statement as a guide.
- C. Determine what you have (assets).
  1. Cash.
  2. Assets.
  3. Supplies.
  4. Reimbursements from USAF and CAP.
  5. Etc.
- D. Determine what you need money for.
  1. Rent/utilities.

2. Insurance.
  3. Activities.
  4. Maintenance.
  5. Transportation costs.
  6. Etc.
- E. 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).
- F. Are you spending money efficiently?

### MP III. 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 (t-shirts, hats, etc).
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 by HQ CAP).
5. Activities for which CAP members receive personal financial gain.

#### D. Donations

1. Equipment donations as an attractive alternative to fundraising.
2. You solicit the donation, 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 the students to be as complete as possible.  
 Have the groups share their results and identify different solutions.

## Questions and Answers

### 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.

## Conclusion

### 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.

### CLOSURE:

Another important component of a good squadron is competent meeting planning. Your members and visitors can tell how well your meetings are arranged and organized just by observing. A good meeting looks planned. A not-so-good meeting looks like its been hit with a lot of surprises. You can expect surprises, but can minimize their effect and amplify the appearance of professionalism with sound meeting planning. The next section will cover these areas.

---

# 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 demonstrate the mastery of behavioral objectives which will show comprehension of the objectives.

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:

- a. 1 corporate aircraft (1986 model Cessna 172)
- b. 1 corporate van (1994 Dodge 12 passenger van)
- c. 1 Compaq 386 computer (donated in 1993)
- d. 1 dot matrix printer
- e. 2 Yaseu 2200 model radios
- f. 1 Cannon desk top copier
- g. 1 21" TV/VCR combination (purchased in 1994)
- h. 2 ELPER 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 2002. 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, which are your main source of paying the non reimbursable bills. You pay for encampment fees by unit check 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 do not charge cadets for orientation flights.

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.

Your 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. The group you are in will operate as the unit finance committee, so you must elect a unit commander, finance officer, and recorder for the exercise. The remainder of the group will be on the committee.

There is no right answer to this exercise. Your answer is solely dependent on your imagination. 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. Good Luck!

*Sample Unit Financial Summary*

**CIVIL AIR PATROL**

**YOUR WING**

**UNIT NAME *REPUBLIC COMPOSITE SQUADRON* UNIT NUMBER *00123***

Cash in bank/savings account per unit records Oct 1 1999.....\$324.00

**Add: Receipt**

<b>Account No.</b>	<b>Account Title</b>	<b>Amount</b>	<b>Notes</b>
			(22 cadets @\$ 1/wk) 45 wks
3000	Membership Dues	\$1890.00	(10 seniors @ \$2/wk) 45 wks
3110	Contributions	\$0	
3190	Government Contributions	\$0	
3200	Gov. Appropriations/Programs	\$960.00	(Mission reimbursement)
3205	Gov. Appropriations/General	\$0	
3238	Receipts from National HQ	\$290.00	(Cadet Orientation Flights)
3280	Receipts from other CAP entities	\$0	
3400	Senior Activities	\$0	
3425	Cadet Activities	\$455	(7 cadet encamp. fees)
3450	Flight Activities	\$1073.00	
3500	Investment Income/Saving & Temp	\$0	
3810	Other Receipts	\$0	
4000	Materials and Supplies Sales	\$0	
4420	Insurance Collected	\$0	
4600	Fundraising/Special Events and acts	\$162.50	
4920	Salvage Proceeds	\$0	
4960	Unrelated Business Income	\$0	

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

Total Beginning Bank Balance and Receipts During Year.....\$ 5454.00

**Less: Expenditures**

5000	Grants and Allocations	\$0
5100	Salaries	\$0
5315	Workers Comp Insurance	\$0
5400	Payroll Taxes	\$0
5500	Fundraising Fees	\$0
5525	Fundraising Activities	\$25.00
5555	Accounting Services	\$125.00
5575	Legal Services	\$0
5600	Office Supplies	\$150.00
5630	Materials and Supplies	\$75.00
5635	Mats and Supplies- Cost of Sales	\$0
5700	Telephone	\$520.00

## Expenditures Continued

Account No.	Account Title	Amount	Notes
5800	Postage and Shipping	\$122.88	
5920	Facility Expenditures	\$700.00	(Rent \$50/mth + repairs)
6005	Aircraft O+M	\$1200.00	
6040	Vehicle O+M	\$160.00	
6055	Communications O+M	\$25.00	
6060	Other Equipment O+M	\$50.00	
6110	Printing and Publications	\$100.00	
6200	Travel	\$50.00	
6350	Conferences and Meetings	\$0	
6410	Interest Expense	\$0	
6760	Cadet Activities	\$605.00	(7 encamp fees/model rkty.)
6770	Senior Activities	\$75.00	
6825	Mission Expenditures	\$400.00	
6950	Insurance-Vendors	\$365.00	
7300	Awards	\$50.00	
7400	Bookstore Purchases-Mats and Supp.	\$50.00	
7401	Depot Purchases-Mats and Supplies	\$425.00	
7404	Payments to National HQ	\$0	
7420	Expenditures to other CAP Entities	\$0	
7445	Public Relations and Publicity	\$0	
7450	Taxes - Other	\$0	
7490	Miscellaneous	\$35.00	
7491	Note Payments	\$0	
7492	Real Property Purchased	\$0	
7493	Aircraft Improvements Purchased	\$0	
7494	Vehicles Purchased	\$0	
7495	Communication Equipment Purchased	\$0	
7496	Other Equip and Furniture Purchased	\$0	
9910	Lobbying Expenditures	\$0	
9960	Unrelated Business Income Expenses	\$0	

**Total Expenditures.....\$5307.88**

Cash in bank/savings account per unit records, Sept 30, 1999.....\$146.12