



**HEADQUARTERS
ILLINOIS WING CIVIL AIR PATROL
UNITED STATES AIR FORCE AUXILIARY
Department Of Finance
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St. Charles IL 60174-9082**



SUBORDINATE UNIT FINANCIAL PROCEDURES GUIDE

Reference: CAPR 173-1 dated 15 November 2012, Financial Procedures and Accounting.
https://www.capmembers.com/media/cms/R173_001_F17766C8102F6.pdf
 CAPR 173-4 dated 14 December 2014, Fund Raising/Donations
https://www.capmembers.com/media/cms/R173_004_3C78BD19C872E.pdf

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NOTE: DO NOT photocopy and use the sample forms from this manual. The sample forms are examples only. Download current forms from the Illinois Wing website.

1. Introduction

The Illinois Wing (ILWG) *Subordinate Unit Financial Procedures Guide*, also referred to as the Wing Banker Manual, was written to further support Unit commanders and finance officers, as stewards of CAP finances. This manual elaborates on Wing Banker Solution (WBS) financial processes, forms and Unit compliance requirements described in various CAP regulations, particularly CAPR 173-1, *Financial Procedures and Accounting* (**updated 15 November 2012**). **Unit** when used here refers to Group, Squadron, and Special Activities/Event Projects. Subordinate Units and Units below Wing are also used synonymously. Because key financial regulations and financial forms are updated from time to time, it is important to regularly check the National and ILWG websites for regulation revisions and the most current electronic version of forms. Electronic versions of forms posted may also offer other tools like dropdown options helping to guide form preparation. In any case, printing advance hardcopies of forms for ongoing use should be avoided because of the possibility of obsolescence.

The WBS program, with Wing acting as “banker” for the Units’ monies, provides numerous benefits. It allows for accrual accounting consistency and a comprehensive financial reporting system for use by outside agencies. Thanks to the WBS program, the demands at the Unit level for a thorough knowledge of accounting are reduced and Commanders, FMs and Unit Finance Committees are free to focus on managing the Unit’s overall financial success.

Another integral partner in maintaining a successful Wing Banker program is the Wing Administrator (WA), who is based at Wing. The WA is a full-time employee of CAP, responsible for processing transactions and posting for the Wing and Units.

Any comments or suggestions should be e-mailed to the Wing Director of Finance (ILWG/FM).

2. Unit Finance Organization

Refer to the current CAPR 173-1, found on the CAP website, for a more detailed list of unit financial responsibilities.

a) Unit Commander (CC) – is responsible for complying with CAP fiscal regulations, CAP financial practices and the spending of the Unit. The Unit Commander may not at any time serve as the Unit FM concurrently. If no one is available to fill the position as Unit FM within the 30 day period, then the FM at the next higher headquarters (Group or Wing), will assume FM duties until a replacement Unit FM can be found.

Unit Commanders are responsible for a number of financial tasks some of which are outlined here.

- Commanders must formally appoint a Unit FM in writing within 30 days of assuming command.
 - A copy of the FM appointment (PA) to the ILWG/FM
 - Complete in e-services the new FM Duty Assignment and reassign the former Unit FM (if applicable).
 - Document appointments in the Unit finance committee meeting minutes
- Commanders must also appoint a Unit finance committee by submitting a Personnel Authorization (PA) within 30 days of assuming command.
- Commanders must submit to the WA Attn: ILWG/FM a signed CAP Form 172, *Consolidated Financial Authorization*, reflecting the finance committee members, approvers and recurring expenses after change of command, at the beginning of each fiscal year and whenever changes are made.

- Commanders complete CAP Form 171, *Unit Commander's Financial Disclosure Statement*), located in Commander's Corner in eServices, annually at the beginning of each fiscal year.
- Commanders complete CAP Form 174, *Unit Contributed Facilities Worksheet*, located in ORMS in eServices, annually at the beginning of each fiscal year.
- Fiscal Year-End paperwork is to be submitted as required and within the prescribed timeframe.
- Provide the ILWG/FM quarterly with any budget changes approved by the finance committee consistent with forecasts and to maintain a balanced budget.
- Maintain adequate funds to operate and ensure accounting controls per CAPR 173-1.
- Ensure the Finance Committee meets quarterly and records detailed Meeting Minutes (retained by the Unit).
- Other required fiscal forms and tasks as outlined in the fiscal year calendar and inspections regulations must be observed (E.g. Subordinated Unit Inspection list).
- Note: All donation checks for deposit by Wing or copied images of the check(s) before depositing, are attached to an ILWG Form 321 and sent to the ILWG/WA Attn: ILWG/FM with detailed donor information in order to prepare an IRS Donation Receipt and thank you letter signed by the Wing Commander. Non-cash donation information must also similarly be submitted (refer to donation section).
- Note: All proposed fundraising and raffle activities must FIRST be approved by the Wing Commander utilizing an ILWG Form 301 uploaded in the IWU.
- Note: All legal agreements, contracts and leases committing CAP (including new credit card applications) must be uploaded into the IWU, at least 30 days in advance of the required deadline. The document must be submitted to the Wing Commander for approval (allow a lead-time of 60 days if there are indemnification clauses included in the contract). Unit Commanders **are NOT authorized** to sign leases, contracts or agreements that obligate CAP IAW CAPR 70-1 Section 3-6 and FMP 11.
- Note: Lost credit cards must be reported to the credit card company, the Wing Commander and ILWG/FM.
- Submit in writing via email to the ILWG/FM within 5 days of any additions or disposal of assets valued in excess of \$5000 (in addition to any logistics requirements).
- Ensure IRS notices for IRS Form 990 will be forwarded to NHQ/FM at cap990@capnhq.gov. Units will not make filings and/or contact the IRS directly.

b) Unit Finance Officer (FM) – is typically involved in processing transactions by direction of the commander and consistent with current CAP regulations and Wing Financial Management Procedures (including interim updates). The Unit FM, in conjunction with the Unit Commander, and as a member of the Unit Finance Committee, will ensure compliance with fiscal requirements, develop a realistic annual fiscal budget, ensure payment requests, deposits, and all vendor bills are forwarded to Wing in a timely and complete manner for processing by Wing.

- The FM should be familiar with the finance resource documents found in the Unit files, CAP National and Illinois Wing websites and future revisions. Examples include:
 - This Guide describing ILWG procedures to comply with CAP regulation. Unit finance applicable sections of CAPR 173-1, CAPR 173-4 and CAPR 70-1.
 - CAP Subordinate Unit Inspection Guide (SUI) Finance tab
 - All applicable CAP National forms and ILWG forms relating to finance
 - Chart of Accounts used for coding transactions
 - FM may consult with their Group FM, ILWG/FM, ILWG/FMD and WA as a technical resource for Unit finance questions.

- The FM as directed by the commander and/or tasks described in CAPR 20-1:
 - Completes ILWG Form 321 with legible and itemized supporting documentation
 - FM typically makes deposits in the Wing Banker account
 - FM reviews and reconciles monthly Unit Cash Reports provided by Illinois Wing for accuracy, presents results to the Unit Finance Committee and notifies ILWG/WA of discrepancies.
 - FM presents quarterly budget performance report to the Finance Committee.
 - FM prepares a balanced unit budget each fiscal year to present to the Unit finance committee for their approval and Wing submission.
 - FM prepares Finance Committee meeting minutes (meeting frequency minimum quarterly).
 - FM submits a Rebate card Transaction Log (found on the ILWG administration website) to the ILWG/WA initially and with ILWG Form 321 reflecting card activity.
 - FM obtains from vendors and forwards to the ILWG/WA an IRS form W-9, *Request for Taxpayer Identification Number and Certification* (Check requests cannot be processed without a W-9 on file at Wing).

c) Unit Finance Committee- is responsible for financial oversight and budget approval outlined in CAPR 173-1. All Units will maintain a list of the Unit's Finance Committee members who are authorized to transact Unit financial matters and countersign check requests. This is accomplished by the Unit Commander submitting a CAP Form 172 (formerly ILWG Form 322) both upon changes in the committee members and before 1 October, annually.

IAW with CAPR 173-1, the Unit Finance Committee must meet at a minimum once quarterly and retain written minutes of those meetings. A quorum of finance committee members must pre-approve all expenditures of \$500 or more. All expenditure approvals are to be recorded in the minutes of the meeting.

Every Unit will receive a Unit Cash Report from Wing monthly reflecting their transactions. The Unit's income and expense transactions are reviewed for accuracy. A Budget to Actual Performance Report is also sent by Wing during the month following each quarter-end. Notification to the ILWG/FM is required for any quarterly budget adjustments so these reports can be amended.

3. Year-End Timeline

CAP's fiscal accounting year begins 1 October and ends 30 September. Unit should allow ample time for preliminary Group review of documents and delivery to Wing **no later than timeframes or dates** below (due dates indicated on the CAP forms are intended for Wing level submission). Failure by the Unit to submit documents by the due dates below may result in restrictions placed on Unit activities by the Wing Commander.

(a) ILWG Fiscal Filing Due Dates

Mid - July	Instructions provided for submission to Wing
Mid -August	Unit finance committee's approved budgets submitted to Group/CC for review with a copy to the ILWG/FM.
1 September	Balanced Unit Budgets ARE DUE to the ILWG/FM with copy to the ILWG/WA.
Mid - Sept	Balanced Unit Budgets ARE DUE to the ILWG/FM with copy to the ILWG/WA. Year-End Forms are prepared and submitted to Group/CC for review with a copy

to the ILWG/FM.

15 September	CAP Form 172, Consolidated Financial Authorization (formerly LOA for recurring expenses and ILWG Form 322 for Finance Committee members' signatures) IS DUE to the ILWG/WA with copy to the ILWG/FM
15 October	CAP Form 171, IS DUE
15 October	CAP Form 174, Unit Contributed Facilities Worksheet IS DUE
1 January	Q2 Balanced Unit Budgets ARE DUE to the ILWG/FM with copy to the ILWG/WA.
1 April	Q3 Balanced Unit Budgets ARE DUE to the ILWG/FM with copy to the ILWG/WA.
1 July	Q4 Balanced Unit Budgets ARE DUE to the ILWG/FM with copy to the ILWG/WA.

4. Banking

a) Required Unit Financial Authorizations

CAP Form 172, Consolidated Financial Authorizations, (formerly ILWG Form 322) acts as the Wing Banker signature card. The form is used to identify finance committee members and authorized approvers for Unit transactions processed on an ILWG Form 321. The Unit's CAP Form 172 is forwarded to the ILWG/WA Attn: ILWG/FM whenever there is a change of personnel, as well as the beginning of each fiscal year (even if there have been no changes). It is suggested the Unit retain a copy for their records if mailed (in the event it must be re-submitted).

Authorized Approvers may **not** approve an ILWG Form 321 request when:

- the approver is also the payee on his/her own check request,
- requests are made by members of the same household, (defined as "family or relatives, living together or not"), or when completing the form as the requester, even if the requester is not the payee (see Check Request section).

b) Local Funds and Petty Cash Policy

Regulations do not permit locally held CDs, checking, savings or petty cash accounts by the Units. This means that Unit funds are deposited in their Wing Banker account and that ALL transactions are completed thru Wing (monies are not to be intermingled in personal accounts, cash received is not then used to pay Unit expenses, etc.). Unit reimbursements are requested via check requests using ILWG Form 321 completed by an individual Unit member (see **Check Requests**).

Cash may not be held at the Unit level. This includes money associated with uniforms, ribbons, and patch sales and, the "\$1 table drop" or other methods without a clear accounting audit trail by members as a way to collect and pay operating expenses. These examples are ALL forms of petty cash, and must be deposited to the Wing Banker account in a timely manner (see deposit section). All funds collected in cash or check must first be deposited (see requirements for cash deposits) in the Unit Wing Banker account and never used to directly pay expenses for an event. Any expense payment incurred will be authorized or reimbursed via a check request (utilizing an ILWG Form 321 with detailed itemized receipts or as an advance request (with detailed itemized receipts to follow – refer to advances section) to ensure a proper accounting audit trail.

Examples-

1. Money collected from members for pizza to be served at a meeting, must be deposited in the Unit's Wing Banker account. If an individual member paid for the pizza on behalf of CAP, the member must request reimbursement via an ILWG Form 321 after submitting the detailed itemized receipt. **The member paying for the pizza is not reimbursed directly from the member money collected.**
2. If a member sponsoring an event collects money from each participant, cash and/or check, must be deposited in the Wing Banker account. Any expenses incurred for supplies or admission fees must be receipted (detailed itemized receipts) and be reimbursed by completing a CAP Check Request ILWG Form 321. **Member checks or cash are NOT to be used to defray related costs or be deposited in any personal bank account in order to issue personal checks for supply purchases.** An advance check may be requested from Wing to minimize any hardship with anticipated expenses. See Advances for details.

c) Unit Savings and Investment Accounts using Wing Banker

Units are NEVER to open bank accounts IAW CAPR 173-1 including CDs. If a Unit has excess funds that are not budgeted for current use, those funds may be setup on behalf of the Unit, by Wing, in a Wing managed Certificate of Deposit (CD).

The Unit is encouraged to contact the ILWG/FM with questions or the ILWG/WA to provide instructions for opening a Unit CD as follows:

- Forward to the ILWG/WA a completed and finance committee approved ILWG Form 321 describing detailed instructions regarding the CD specific term (typically 12 months or less) and dollar amount to transfer from their Wing Banker checking account to a new CD.
- The finance committee meeting minutes, describing the approved transfer of funds to a CD, must be attached to the ILWG Form 321.
- Once setup, the ILWG/WA will notify the Unit CC of any existing Unit CD maturity notice Wing receives and request detailed instructions again from the Unit to be provided via an ILWG Form 321.
- The subordinate Unit will respond within **3 days** to the ILWG/WA with detailed instructions and finance committee approvals/minutes for the desired renewal term or closing and transferring CD funds back into the Wing Banker checking account
- Each Unit's interest is posted in the Wing Banker accounting system upon receiving notices, and upon redeeming CDs from their financial institution(s). The Wing HQ will track the investment account number and dates of maturity.
- CAP National HQ requires any CAP funds to be held at banks with at least a two-star rating (www.bankrate.com).

d) Credit Cards and Credit Accounts

- Refer to CAPR 173-1 para 20, which states that credit card and credit account use is permitted given certain conditions are met. Key points:
- Any credit card or credit account application (such as FBO fueling accounts) must first be approved by the Wing Commander before the application is forwarded and **approved by the NHQ/FM.**
- Once authorized by the NHQ/FM, credit card holders with spending limits will be noted on a CAP Form 172 submitted by the Unit to the ILWG/WA Attn: ILWG/FM.

- Credit cards and credit accounts may be used for authorized purchases only. Credit cards will never be used for cash advances. Personal expenditures using a CAP credit card are prohibited. Consequences for credit card abuse are described in ILWG FMP 9, FMP 3 and CAPR 173-1.
- Lost or stolen credit cards must be reported by the Unit to the credit card issuer, the Wing Commander and ILWG/FM immediately for the purpose of credit card cancellation.
- All authorized credit card usage must be documented with legible itemized receipts within **21 days** of the statement closing date. The detailed statement and itemized receipts (identifying location, date, item description, character and quantity) must be provided to the ILWG/WA Attention: ILWG/FM.
- All losses or fees incurred from the use of these credit cards are the responsibility of the Unit.
- Debit cards are prohibited IAW CAPR 173-1 (no exceptions are authorized).
- Vendor pre-paid credit cards as a CAP payment option was eliminated in the latest revision of CAPR 173-1 due to required reporting concerns and the availability of other funding alternatives, such as advances.

e) Unit Deposits

Funds received must be deposited frequently, daily if possible. At no time should funds for deposit be held by the Unit for any extended period of time.

ILWGF 321 will be used to deposit Unit checks, transfer funds or to request payment of a Unit obligation.

Part A: must always be completed.

Part C: is completed for a deposit (including event name, date of event and description; e.g. Air Show)

Part E: is the signature block, **REQUIRING one authorized approver signature for checks (two signatures are required for cash deposits verifying the cash count).**

No requester is required for deposits.

The Unit Contact Person is the member the ILWG/WA should contact concerning questions, errors, or missing supporting documents not attached and will submit a completed ILWGF 321 (Parts A, C & E), along with legible bank receipts/deposit slip to the ILWG/WA.

Note: In order to avoid deposit delays or bank errors - checks should be written and endorsed as follows:

Payee	Civil Air Patrol - Illinois Wing
Check Memo line	ILWG Unit Name <u>and IL- ###</u>

Endorsement notation on back of check.

The Unit Finance Officer or Commander **never** endorses Unit checks by personally signing their name.

If check is made out to the squadron – ***“Squadron Name”***

**PAY TO THE ORDER OF
Civil Air Patrol - Illinois Wing
FOR DEPOSIT ONLY**

Deposits to the Unit’s Wing Banker account may be transacted locally by the Unit or by mailing checks to Wing for deposit.

When the Unit FM makes deposits locally:

The Unit must send bank deposit receipts/slips with a properly completed ILWG Form 321 to the Wing WA **within 7 days of the deposit**. The bank deposit ticket should contain the Unit charter number; e.g. IL-274, printed clearly on blank area on the face of the ticket. Please do not write over printed information.

If the Unit FM chooses to use Bank-by-Mail services to mail deposits direct to the bank, the Unit FM must specifically request the bank to return the deposit receipt. The completed ILWG Form 321 with bank receipt attached is then forwarded to the ILWG/WA. Never send cash in the mail. Any money order or check is to be made out to **Civil Air Patrol - Illinois Wing**, noting unit # in the memo line.

Note: Cash deposits or cash converted to a Money Order or check, requires the ILWG Form 321 sent to the ILWG/WA to state “cash from [...activity] deposited or cash from [...activity] converted to Check”, and signed by the depositor and one additional authorized signer, verifying the cash deposit amount. The Unit FM should retain a copy of the deposit receipt sent to Wing.

When depositing a check or multiple checks, **all** payer names must be listed on the ILWG Form 321 in the “Received from” column (use page 2 if additional space is required). This aids in follow-up of returned checks due to Not Sufficient Funds (NSF) or other reasons. Before depositing Donation checks, Units are to copy the check(s). Images of the check(s) (front and back) are submitted with the deposit slip and the ILWG Form 321 to the ILWG/WA (refer to donations section).

The Unit FM must note the Unit charter number (IL-xxx) on **each** deposit slip submitted to Wing to ensure proper credit. Unidentified deposits are posted at Wing under the sub-account “Unidentified Transactions” and cannot be used until identified with an individual Unit.

When the Unit FM forwards checks to Wing for deposit:

Send an ILWG Form 321 to the ILWG/WA with checks received or from cash converted to check for mailing. Never send cash in the mail. **DO NOT hold checks for extended periods of time**. Making timely deposits minimize the risk of misplacing checks, improves cash flow and is required IAW CAPR 173-1.

Any money order or check sent for deposit is to be made out to **Civil Air Patrol - Illinois Wing** noting the Unit # in the memo line. A completed ILWG Form 321 and the properly endorsed check(s) (See Endorsements Section) are sent to the ILWG/WA for processing. **All** payer names must be listed on the ILWG Form 321 (in the “Received from:” column). Use page 2 if additional space is required for names. This aids the WA in following-up regarding returned checks due to Not Sufficient Funds (NSF) or other reasons.

Note: Cash deposits or cash converted to a Money Order or check, requires the ILWG Form 321 sent to the ILWG/WA to state “cash from [...activity] deposited or cash from [...activity] converted to Check”, and signed by the depositor and one additional authorized signer, verifying the cash deposit amount. Remember, if applicable, to attach any deposit receipts from cash conversion to check.

Keep copies of documentation for Unit records as backup. The ILWG/WA will send Units a copy of deposit receipt(s).

f) Check Requests

In order to prioritize check requests from routine emails to the WA, the specific contact email for Units to send supporting documentation to the Wing .

ILWG Form 321 will be used when requesting payment or reimbursement.

Part A: must always be completed.

Part B: is completed for a check request.

Part E: is the signature block which **REQUIRES two authorized approval** signatures to process.

Detailed legible receipts and/or supporting paperwork must be attached.

Sertifi - Is a software provider used by NHQ for electronic approvals of reimbursement requests and invoices.

Requester is the individual to be reimbursed. The requester completes the appropriate parts of the ILWGF 321 (Part A, B, and Part E). If the requester signature is not available, an email from the requester may be attached to the completed paperwork submitted for approval, substantiating the details of the check request. Whenever a Unit FM or

CC completes an ILWG Form 321 on behalf of a member, the FM or CC attaches the supporting documents, reimbursement request (email from requesting member indicated as payee) and prints the requester name on the form. The named “payee” is the requester regardless of who physically completes the form.

Payee (Requester) may not also act as an “Authorized Approver” even if not the payee on his/her own check request. Only one “approver” signature may be from the member’s household, (defined as “family, relatives; living together or not”). The second approver must be from outside the household. NOTE: For smaller squadrons, if necessary, the Group could be solicited for approved signatories.

Approvers- All reimbursements sent to the ILWG/WA require **two** authorizing signatures provided on the **CAP Form 172 Section E** to approve Unit expenses less than \$500.00 before sending the form and documentation. If the expense amount is \$500.00 or more, in addition to two approver signatures, the finance committee approval box must also be checked on the ILWG Form 321 confirming that a quorum of the Unit finance committee has approved the requested expenditure and the approval is documented in the finance committee minutes if requested.

Detailed legible receipts and/or itemized supporting vendor invoices (identifying location, date, item description, quantity and amount) must always be attached to an ILWG Form 321 in order to process (refer to Advances section for unique circumstances). **Order confirmations (E.g. Vanguard) or statements are not acceptable proof of payment for reimbursement purposes – an invoice is required.** It is suggested that Units should retain a copy of documentation submitted until the transaction is posted and confirmed in Wing Banker.

Recurring vendor invoices - Units receiving monthly or quarterly recurring vendor(s) invoices which qualify under CAPR 173-1, should review setting up a vendor invoice as a recurring expense payment. Recurring expense authorizations eliminate the need for an ILWG Form 321 to be submitted for those invoices. This also reduces the risk of payment delays and incurring late fees. In order to setup recurring expense authorization, the Unit coordinates with the ILWG/WA on changing the billing to Wing’s mailing address and completing a **CAPF 172** authorizing payment (Refer to Recurring Expense section).

For Entertainment and Meal Reimbursement requests, a CAP Form 170, *Business Meals and Entertainment Form*, (posted on the CAP national website) must accompany the Finance Committee approved ILWG Form 321 with detailed itemized receipts (See CAPR 173-1 para 25 for further conditions and explanation).

Reimbursement Timeframes- In order to be eligible for reimbursement, non-mission ILWG Form 321 requests with legible itemized receipts MUST be received by Wing **within 60 days** of the expense incurred IAW CAPR 173-1. Each Unit FM should ensure members are made aware of reimbursement time limits.

Note: Mission related reimbursement requests submitted with detailed receipts on a CAP Form 108 **must be submitted within 15 calendar days of the mission being closed** in order to be eligible for reimbursement. Refer to CAPR 173-3 for current mission fuel receipt upload timeframe requirements (currently 72 hours). Enrolling in NHQ’s Direct Deposit program is encouraged.

Re-Issuance of Wing Reimbursement Checks - In an effort to minimize confusion and maintain timely audit records, Illinois Wing expects member reimbursement checks to be cashed within 30 days of issuance. Members should be encouraged to cash checks as soon as they are received to minimize risk of loss or being misplaced. After 90 days - requests for re-issuance of any Wing check requires Wing Commander approval. Each Unit FM should ensure members are made aware of check re-issuance time limits

g) IRS Form W-9

Whenever Units introduce a new non-CAP or non-government vendor (CAP members are not considered vendors unless their personal business is being used to provide items or services to CAP) the first check request for the year (ILWG Form 321) must be accompanied by a completed W-9. A scholarship or multiple scholarships awarded to individual members by the unit **will be issued a 1099-Misc by CAP if the annual total amount exceeds IRS reporting thresholds.**

h) Advances

IAW CAPR 173-1 para 6m, only one advance request may be outstanding for a particular activity or event at a time. An approved ILWG Form 321 is submitted for the initial request with supporting documents. Receipts, invoices and any supporting documentation must be submitted with an ILWG Form 321 within 10 days after completion of the activity and not to exceed 60 days from the date of the advance payment for which the advance was requested. The member repays any advanced funds in excess of the receipts submitted as part of the reconciliation. Please reference previously submitted advance request information on the final ILWG Form 321.

i) Rebate Cards from Vendors

Rebate cards are often issued to CAP by vendors as a form of purchase discount. Wing shall be notified when a card is received and the value of the card .

When making CAP purchases using the rebate card, the transaction shall be submitted to Wing with an explanation on an ILWG Form 321, an itemized detailed receipt attached and an updated Rebate Card Transaction Log reflecting the card's open balance forward (sample Rebate Transaction Log is found on the ILWG website). Units are expected to track CAP rebate card balances until a zero balance reached and before the cards' expiration dates.

Units are responsible for proper use of vendor issued CAP rebate cards. CAP rebate cards will not be used for personal purchases.

j) Unit Transfers

ILWGF 321 will be used for transfers consistent within CAPR 173-1 time-limits.

Part A: must always be completed.

Part D: is completed for a transfer (clear and complete description required)

Part E: is the signature block.

In-Unit – from savings to checking, restricted funds to unrestricted funds, or vice versa. This requires only **ONE** authorized signatory.

Out-of-Unit – transferring to another Unit within Wing Banker. **One** authorized approval is required by the initiating unit and **two** approvals are required by the receiving unit. (Remember the requester's signature may be an attached email from them making the request.)

k) Chart of Accounts

The complete current Unit Chart of Accounts listing can be found on the ILWG or CAP NHQ website or by contacting the ILWG/WA . Use the applicable expense account numbers for special events or activities expenses, not the income accounts. (E.G.: Cadets attending Space camp;

expense acct # 8475900 Unit Cadet Activities”; Squadron banquets-expense acct # 8540000 Unit Events). For a Special Activities Chart of Accounts, contact the WA or Wing FM.

When Units purchase items from Vanguard and other vendors for which they plan to resell those items to their members, the expense GL Account # 7701000 Cost of Sales (aka Cost of Goods Sold COGS) is used. To deposit funds from the associated sales, GL Acct # 5424100 Material and Supply Sales is applicable. A drop down menu is provided in the electronic ILWGF 321 found on the Wing web page.

5. Certificates of Insurance

Refer to the CAP National Website whenever CAP proof of insurance is required. As outlined in CAPR 900-5 Section A para 2, insurance carrier contact information for Certificates of Insurance, can be found under the General Counsel tab.

http://www.capmembers.com/cap_national_hq/general_counsel/insurance-and-other-contacts/

6. Recurring Expenses

A CAPF 172 authorizes the ILWG/WA to pay certain recurring monthly or quarterly vendor invoices within a dollar limit set by the Unit finance committee IAW CAPR 173-1. This eliminates the need for the Unit to submit an ILWG Form 321 authorizing payment of each recurring invoice. Should the authorized recurring limit be exceeded on any particular invoice, the Unit will be contacted for further direction and invoice approvals utilizing an ILWG Form 321. Invoice amounts of \$500.00 or more are not authorized as a recurring expense payment IAW CAPR 173-1. A completed CAPF 172 is submitted whenever a change occurs and annually before 1 October.

Note: Vendors authorized for recurring payments are instructed by the Unit to change the invoices address to the Wing HQ address.

7. Purchases

Purchasers should always request a sales tax exemption when making CAP purchases. The ILWG’s sales tax exemption certificate number, is obtained from the WA (see Illinois Sales Tax Exemption section below). An IRS form **W-9** is required to be on file at Wing for all vendors. Payments or reimbursements requested are submitted on an ILWG Form 321 with itemized copies of invoices and/or legible receipts. When making purchases, certain vendors may provide discounts in the form of a rebate card for use when making future purchases. Purchases made using a vendor issued rebate card are still recorded on an ILWG Form 321 (See Vendor Rebate card section).

8. Illinois Sales Tax Exemption

Contact the ILWG/WA for the sales tax certificate copy and/or Tax exemption ID number. CAP’s sales tax number is only to be used for official CAP purchases. **Use of the tax exemption for personal purchases or co-mingling is illegal, and jeopardizes the nonprofit tax exempt status of CAP.** Keep in mind that acceptance of the sales tax exemption is at the discretion of the vendor. Confirm vendors will accept the ILWG sales tax exemption in advance of making large purchases. Members who routinely make purchases on behalf of CAP ILWG should make every effort to honor our sales tax exemption status. The sales tax exemption certificate is typically re-issued by the State every 4-5 years.

9. Contracts

All contracts and agreements for recurring expense commitments (E.G.: rent, leases) and/or one-time events (E.G.: banquets requiring contracts/agreements) are to be uploaded into the IWU for approval. Contracts are **approved by the Wing Commander**. Contracts are **never** signed at the

Squadron or Group level. See CAPR 70-1 Section 3-6, *CAP Acquisition Regulation*, and ILWG FMP 11 for additional guidance regarding contracts.

Please allow a minimum of 30 days for Wing legal review and the Wing Commander's approval. **Allow 60 days or more when amounts exceed \$5000 and/or indemnification clauses are included.** Approval status can be monitored by accessing the Illinois Wing Utility (IWU). Copies of executed documents received by the Unit sent to Wing for their files.

10. Donations and Unit Fundraising

CAPR 173-4 para 8 requires an accurate accounting and itemization of donated assets, property and fundraising monies, both cash and checks on behalf of CAP. Donor check images are required to be sent to Wing for posting to the unit's account with a completed ILWG Form 321. The Unit must also provide Wing HQ Attn: FM with any donation letter(s) received, a detailed list of donor names, donor's full mailing address, each donor's payment amount and identify the purpose of the payments. Non-cash donations also require the donor name(s) and mailing information included with a detailed description(s) of what was donated, applicable quantities and value(s) for Wing accounting purposes attached to an ILWG Form 321. Wing prepares a letter, signed by the Wing Commander, and sent to the donor. The Commander's letter serves as both a thank you to the donor and tax receipt.

Restricted Funds are to be considered the exception rather than the rule with regards to donations. They are classified as such, because the individual making the donation of monies has set very specific requirements or instructions on how their donations to CAP are to be used. These funds, therefore, cannot be commingled with the Unit's general funds. Contributions may only be restricted in writing by the donor at the time of donation. Units cannot arbitrarily decide to restrict a contribution. Also, if a restricted contribution is going to be spent during the fiscal year, it becomes unrestricted. Restricted contribution funds must be tracked and a separate Unit sub-account set up according to the IRS. Any cash collected must always be deposited for accounting reasons. Cash collected must not be used for incidental expenditures incurred as part of the activity.

Fundraising Activities - In accordance with (IAW) CAPR 173-4 Subordinate Units **must obtain prior written approval** from the wing commander or designee before initiating any fundraising. Details of the activity are presented on an ILWG Form 301 uploaded to the IWU with necessary attachments in order to determine IRS and legal implications. Allow a minimum of 30 days for review and approval of fundraising proposals by Wing. Fundraising activities will be limited to solicitations within the respective wing. Refer to CAPR 173-1 and CAPR 173-4 for further restrictions and procedures on fundraising and grant applications.

Certain fundraising arrangements require CAP bank account direct deposit information for Units to receive earned proceeds. The direct deposit arrangement creates a number of potential accounting concerns and therefore those agreements must be pre-approved by the Wing Commander after a review of deposit identification, deposit confirmation notification and account setup specifics. For questions or concerns please contact the ILWG/FM or Wing Finance.

Raffles – The Wing commander will be responsible for maintaining control over all CAP fundraising activities organized within their Wings. Details of the activity are described in the ILWG Form 301 with necessary attachments for a raffle. **The ILWG/FM will review a copy and forward to NHQ/FM for review PRIOR to the raffle being conducted or the first ticket sold due to potential tax consequences.** Refer to CAPR 173-1 for additional information on IRS tax implications, prize value thresholds and possible serious tax consequences charged to the Unit if not properly handled. Refer to CAPR 173-1 and CAPR 173-4 for further restrictions and procedures on raffle activity.

Assets - IAW CAPR 173-1 para 21, Units must notify the ILWG/FM of any assets purchased or donated if the item value is \$5,000 or more with a useful life of more than one year. These will be recorded as a fixed asset and reported to NHQ CAP/FM using an *Asset Report*. Assets purchased with an 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, must similarly be reported to the ILWG/FM who will subsequently report those changes to NHQ. See CAPR 174-1, *CAP Property Management and Accountability*, for additional information. (IAW CAPR 173-4, *Fund Raising/Donations*, all donations over \$5,000 will also be reported by Wing to NHQ). ILWG expects any notifications by the Unit to be done on a timely basis (within 5 days of acquisition or disposal).

11. Accounting Reports and Monthly Reconciliation

Units receive a Unit Cash Report monthly (equivalent to a bank statement reflecting transactions processed by Wing). The Unit FM is required to track their Wing Banker transactions and reconcile their Unit records with the monthly Unit Cash Report from Wing HQ. Any discrepancy should be reported immediately to the Wing Administrator.

12. Unit Facilities

Most Units has designated space where meetings are held. Some Units have formal agreements or leases paying rent. Others have use of the space without being charged. Some have written agreements and others only an informal verbal arrangement. Every fiscal year each Unit is required to complete a CAP Form 174 in e-services, *Unit Contributed Facilities and Utilities Worksheet*, regardless of an informal or formal rental contract and/or verbal arrangement. Leases must be uploaded in the IWU for review by the Wing Legal Officer and approved by the Wing Commander.

A fair market estimate for CAP exclusive use space is to be reported on the form. It may be obtained from the landlord or other real estate source. Allow sufficient time to request information required to complete the form.

13. Annual Budgeting and Quarterly Budget Adjustments

The Unit FM or CC, typically prepares a preliminary budget in August for finance committee approval. The approved budget is reviewed with the Group CC before submitting to the ILWG/FM by 1 September (in order to allow Wing sufficient input time before the 1 October due date). The budget submitted is expected to be balanced with spending aligned to income forecasted for the fiscal year. The net result, since expenses should equal income received, should be zero. The Unit's Cash in Bank is not considered income for budgeting purposes. Submission instructions are provided annually to Units.

IAWCAPR 173-1, The Unit Budget-to-Actual performance report is provided by Wing to the Unit, within 45 days after the close of each fiscal quarter. The Unit finance committee is expected to review those quarterly actual to budget results at the next Unit finance committee meeting and record in the meeting minutes any income or expense adjustments to be made to again balance the budget. The ILWG/FM must be notified with specific changes via email by the Unit Commander if income and expense adjustments are necessary. Any changes requested by the Commander must be approved by the Unit finance committee. Units must ensure sufficient income is generated to support current fiscal year spending plans. Units may not overspend their cash balance.

14. Completing CAPF 172 - Consolidated Financial Authorizations

The CAPF 172 is a new multi-purpose financial authorization form submitted to the ILWG/FM which replaces the rescinded ILWG Form 322 and LOA. The entire new CAP form is required to be completed each time there is a recurring expense change, command change, change of FM or finance committee and of course before the beginning of each fiscal year. The form is found on the

NHQ website and also on the ILWG website under the Administration page. While the instructions on the form are self-explanatory - key items to note are:

Enter date for Year-end submission or date of change as well as the Unit number (E.g. GLR-IL-111)

Complete:

- **Section A** – List Unit Invoice signers (E.g. Name/Position; invoice or ILWGF321 type (E.g. “General”); up to \$500) .
- **Section B** - List Recurring Expenses (E.g. Vendor Name; Purpose “drop down box”; Frequency; Amount) .
- **Section C** – Disregard and indicate “None” since IL WG Units do not currently have CAP credit cards issued .
- **Section D** – N/A for Units.
- **Section E** – List Finance Committee members authorizing the content of the form and provides signature samples.

15. Typical Unit Accounting Questions

When I submit an ILWG Form 321 Check Request with \$500.00 in transactions - is Finance Committee approval required?

Individual expenditures totaling \$500 or more must be approved by the Unit Finance Committee before making the expenditure. Indicate finance committee approval by checking the box on the ILWG Form 321. An ILWG Form 321 Check Request listing a number of checks totaling \$500.00 or more in total, without any individual check amounting to \$500.00 or more, does not require Unit Finance Committee pre-approval.

What are the common sources of processing delay and frustration for the Unit?

Requests cannot be processed without proper authorization and supporting documents. Paperwork is however often submitted to Wing without being properly completed and/or insufficient number of approvals provided. Not attaching itemized receipts, invoices or appropriate supporting paperwork for Wing to process a check request or post a deposit slips is another common source of reimbursement processing delay. These types of errors are easily avoided.

Other reasons for delay or Wing being unable to process transactions and requiring follow-up may include:

- Scanned forms, receipts etc that are illegible when scanned, copied or faxed
- Chart of Accounts numbers are missing or categorized incorrectly.
- Insufficient detail provided on the submission (e.g. requires event name and date)
- The itemized description is missing or vague. (E.g. is purchase for resale? If so, the Cost of Sales Chart of Accounts number #7701000 is used; otherwise, if not for resale, use account #7702000) Materials & Supplies or other applicable expense account per the current Chart of Accounts.
- Recurring Unit vendor invoices are not included as a recurring expense on a CAPF 172 or mailing address not being changed to Wing.
- Contract approval delays due to insufficient lead-time provided for wing legal review and commander approval.
- Submitting as supporting paperwork an order confirmation or statement versus an invoice. Wing requires an invoice to issue any payment.
- Wing unfortunately must reject reimbursement requests exceeding 60 days from the date incurred.

What considerations are there when auction prizes in a raffle or fundraiser are provided by Donors?

- Submit a detailed plan to ILWG/CC (ILWG Form 301 in the IWU) with the following information to obtain NHQ/FM approvals **BEFORE obligating CAP and selling the first ticket to avoid IRS complications.**
 - Donor name and address information to send thank you letter/IRS receipt.
 - Describe donated prizes with their fair market value for accounting to post in e-accounting.
 - Raffle ticket price and profit projection
 - Sales method
- Contracts must be approved in the IWU by the Wing Commander
- Any required event purchases should be made using the Illinois sales tax exemption certificate available from the ILWG/WA
- Submit an ILWG Form 321 with supporting information and deposit slip to wing within prescribed timeframes

Can I fundraise across state lines if my unit is located near a state border?

CAPR 173-4 Section 3a states “Fund raising activities will be limited to solicitations within the respective wing.”

Are Finance Committee minutes required if no transactions have occurred in the last 3 months?

A waiver by OPR (Susan Easter) can be applied in situations where no transactions have occurred. This is expected to be incorporated in the soon to be updated regulations. Sertify records are still required as proof for budget approval. The Finance Department still encourages squadrons to keep minutes in this situation to avoid any confusion around SUI.

How is the Unit Checking Account reconciled?

The Unit FM reviews with the Unit’s finance committee any discrepancies noted on the Unit Cash Report. The discrepancies are e-mailed to the Wing Administrator with all details such as any unidentified deposits, so corrections can be posted.

How is Income processed?

- The Unit must deposit funds as expeditiously as possible. Checks and cash should never be held for extended periods of time.
- The FM must send a copy of each deposit receipt with Unit # noted on the slip and attached to a ILWG Form 321, to the ILWG/WA so that the proper entries can be made and unidentified deposits can be avoided. The electronic version of ILWG Form 321 can be found on the IL Wing website.
- The Unit will specify account numbers and descriptions from the standard chart of accounts.
- If the Unit sends the checks to Wing for deposit, the Unit again completes an ILWG Form 321 with the checks. Wing must post deposits for each Unit so that each Unit’s cash sub-account receives credit for the deposit.
- The Unit’s 3 digit IL charter number must be noted on every document. This will help ensure that all transactions are posted correctly. The Unit’s 3 digit IL charter number should also be included in the subject line of any emails.
- Copies of all deposit receipts and checks sent to Wing should be kept for reconciliation of the Unit’s account.

How are Bills processed or reimbursements made?

- Invoices must be submitted with proper approvals an ILWG Form 321, or as a Recurring Expense submitted on a CAP Form 172 before any bill can be paid. A copy of the receipt/invoice/bill must accompany all forms.

- All ILWG Form 321 check requests, require **two** authorizing signatures (as described in the Check Request section of this publication). If the expense request is \$500.00 or more, the box must also be checked on an ILWG Form 321 confirming the finance committee has pre-approved the expense and noted the expense approval on the meeting minutes.
- Copies of all documentation and/or detailed itemized receipts must be submitted with the Units' ILWG Form 321 in order to be processed.
- The Unit's charter number must be noted on every document to help ensure that all transactions are posted correctly.
- It is recommended that copies of all check requests, including invoices and receipts be kept for monthly reconciliation of your Unit's account and/or if lost in transit.

How do I prepare and submit a unit fiscal budget?

- Preparing a preliminary budget in early August is recommended using the Quarterly Budget to Actual performance report provided by Wing Finance as a reference.
- Obtain unit finance committee approval for the new fiscal year budget at a scheduled August finance committee meeting (record in finance committee meeting minutes)
- Use Wing budget templates provided for chart of account numbers and descriptions in the drop down menu
- Income and expense planned should balance (income – expenses should approx = 0 as CAP is a nonprofit organization). Expected unit spending should be aligned with generated unit income during the fiscal year.
- Cash in bank is not considered in fiscal budgeting. Cash in bank is considered a reserve. Maintaining a cash reserve is important since Units may not overspend their cash balance according to regulations.
- Budget performance results are reviewed quarterly and adjustments made as necessary

What documents are required if our Unit wishes to schedule an event (E.g. a Unit Banquet)?

- In order to avoid conflicts allow sufficient time to mail, review and process paperwork.
- Obtain spending approval by the Finance Committee, noting the decision to approve the event expenditure in the Finance Committee meeting minutes, before incurring the expense.
- Complete an ILWG Form 301 to upload in the IWU with supporting documents for Command approval.
- If a deposit is required for the event, the Unit would submit an ILWG Form 321 requesting an advance check (Note finance committee approval by checking the box provided). Include any proposed contract supporting the deposit amount required.
- For advances requested, a final reconciliation is submitted on an ILWG Form 321 with itemized receipts, invoice and any repayment of funds in excess of the receipts submitted, is due within 10 days after the completion of the activity and/or no later than 60 days after the initial advance payment. Refer to the Advance section for further details.
- If a contract is involved, upload the document to IWU for legal review and Wing Commander approval well in advance of contract deadlines. Contracts are never approved by the Unit. If indemnification clauses are included in the contract, allow 60-90 days lead-time for NHQ review.
- When a copy of the fully executed contract is returned by the vendor to the unit, please forward a copy of the fully executed contract to Wing.
- Send ILWG Form 321 with deposit slip within 7 days after depositing all properly endorsed

Are scholarships taxable?

- Scholarships or multiple scholarships received in the calendar year over \$600 are taxable to the recipient. Advise your recipients so they will not be surprised when they receive a 1099 in January. It would be helpful to have them fill out a W-9 form when the scholarship is awarded.

What is Sertifi software for approvals?

- Sertifi can streamline approvals via electronic notifications, collecting physical signatures is not necessary.
- All forms can be sent via Sertifi for electronic approval, please contact the Wing Administrator for assistance.

What are some key regulatory issues (“Do’s” and “Don’ts”) impacting Unit FMs and CCs?

Do’s

- Checks are deposited in Wing Banker account when received
- Submit deposit receipts with unit # to WA within 7 days of deposit
- Checks should be made out to Civil Air Patrol – Illinois Wing
- Request reimbursements on ILWGF 321 with receipts ASAP
- Reimbursements and deposits are properly approved
- Supporting receipts provided must be legible and itemized
- Cash deposited requires 2 approver signatures
- Only Wing opens requested CD on behalf of the Unit
- Fundraisers are always pre-approved by the Wing CC
- Submit requests for credit cards and contracts to the Wing CC

Dont’s

- Do not hold checks/ cash for extended period
- Do not delay deposits or forget to note unit #
- Do not personally sign checks made out to CAP
- Do not delay member reimbursement requests
- ILWGF 321 is not properly completed
- Event expenses paid with event proceeds
- Petty Cash funds are not to be held at Unit
- Unit doesn’t contact Wing CC regarding raffles
- Advances are not reconciled on a timely basis
- Reluctance to ask for help with questions

What are some key submission intervals per the regulations and/or ILWG requirements outlined in this manual?

Prior to ...	Obtain necessary Wing CC approvals before initiating a raffle or fundraiser
ASAP	Deposit checks or cash received into Wing Banker account IAW CAPR 173-1
72 hours	Upload pilot fuel credit card receipts into WMIRS IAW CAPR 173-3
3 Days	Respond to ILWG/WA with approved finance committee instructions regarding CD maturities
5 Days	Notify the LG and ILWG/FM (who notifies NHQ) of assets disposed of or acquired with values of \$5000 or more
7 Days	Return Deposit receipt with Unit# noted on the slip to WA
10 Days	Advances issued - must be reconciled within 10 days of the event conclusion IAW 173-1
15 Days	Mission 108 reimbursement request submission limit to be honored for payment
21 Days	Credit card receipts submitted after statement date for any NHQ approved credit card
30 Days	Appoint within 30 days after a Change of Command, an FM and Finance Committee
60 Days	Reimbursement requests must be submitted to ILWG/WA within 60 days of incurring the expense to be honored IAW CAPR 173-1
60 Days	Outstanding advances must be closed out within 60 days IAW CAPR 173-1
90 Days	Maximum expectation to cash ILWG issued reimbursement checks without

	receiving reminder
90 Days	Unit finance committee meetings must be held at a minimum once per quarter
Change of CC	Submit necessary forms IAW CAPR 173-1 for FM and Finance Committee appointments
Fiscally	Submit fiscal budget and Year-End forms (refer to Timeline section of this manual for details)

16. IL Wing Finance Contact Information

Policy questions should be sent via email to the ILWG Director of Finance at:

fm@ilwg.cap.gov

You may contact the WA with questions during normal working hours at ILWG Headquarters by calling 630-524-4400 to speak with the Wing Administrator. ILWG HQ Fax: 630-584-2080

Processing submissions should be either sent to the mailing address below, or emailed to wa@ilwg.cap.gov

Wing Mailing Address:

Illinois Wing Headquarters, CAP
PO Box 4027
St. Charles, IL 60174-9082

The Illinois Wing Headquarters Office is physically located at:

32W581 Tower Road,
West Chicago, IL 60185

Note: Use for Package delivery only (UPS, FedEx, etc.)

NO MAIL DELIVERED AT THIS ADDRESS