



**FINANCIAL MANAGEMENT PROCEDURE 6—INVESTMENTS**

CAP Regulation 173-1, dated 15 November 2012, as amended by ICL 17-02, dated 15 March 2017, is supplemented as follows:

**SUMMARY OF CHANGES**

Reformatted to comply with requirements of CAPR 1-2. The interest rate was changed to reflect current rate. Defined "Units" as including Squadron, Group or Wing charters. Wording in CAPR 173-1, Financial Procedures and Accounting, was changed and is now reflected in this publication. Deleted obsolete text. Additions/changes are shown by highlighting.

16.e. (Added) California Wing, Civil Air Patrol has the opportunity to invest excess funds of the Wing, Groups and Squadrons into one or more investment options which are:

- (1) Local Bank used by Wing Headquarters (Money Market Funds or Certificates of Deposit – 1, 2 or 3-year terms are most common), and
- (2) National Headquarters – Investment Pool.

16.f. (Added) Money Markets and Certificates of Deposit. The interest rates pertaining to the money market funds and the various certificates of deposit are minimal, currently about 1.25% per year for short terms. Larger denomination or longer term certificates of deposit normally generate slightly better interest rate than those under \$10,000. There are penalties if money is withdrawn early from a certificate of deposit. The penalty will depend on when the money was withdrawn within the one, two or three-year term. There are no penalties for moving funds in and out of a money market account. The interest rates are comparable to one year certificates of deposit under \$10,000.

16.g. (Added) Policies. Any group, squadron or wing headquarters, collectively referred to below as "units", may participate in this program with the following provisions.

16.g.(1) (Added) Money Market Accounts. Units with funds excess to their operating needs may opt to transfer these funds from their checking account to savings. Funds in the savings account are held in a money market account at the Wing Bank. This option is preferred to the purchase of a certificate of deposit, because of the CD's penalties for early withdrawal, and minimal additional interest earned. The Finance Committee of each unit, group or wing must approve, in writing, the transfer or withdrawal of any funds to or from this option.

16.g.(2) (Added) Certificates of Deposit. CAPR 173-1, *Financial Procedures and Accounting*, requires certificates of deposit to be held and managed at Wing HQ. CAPR173-1 also requires the

Finance Committee of each unit to approve in writing the transfer or withdrawal of any funds to or from this option. CAWG policy is that for certificates of deposit with the Wing Bank cannot be withdrawn early without Wing Finance Committee approval in order to avoid penalties.

16.g.(3) (Added) NHQ Investment Program. The initial investment by units into National Headquarters' fund will need to remain in the program for at least thirty-six months. The initial funds can be withdrawn before the thirty-six month period only after the approval of the California Wing Finance Committee. A minimum initial remittance of \$5,000 is required. Additional remittances in increments of \$1,000 may be made, and each will carry its own thirty-six month investment period. The total amount of funds in this program must be less than 50% of the total funds of the specific unit. The Finance Committee of each unit must approve in writing the transfer or withdrawal of any funds to or from the **National** Investment programs. The minutes must specify the amount of funds being requested to be moved in or out of this program. An Acknowledgement of Civil Air Patrol's Investment Policy statement must be signed each time by the local Finance Committee members indicating they have read, understand and acknowledge National's policies and California Wing's policies.

16.h. (Added) Procedures.

16.h.(1). (Added) Planning. Each unit must analyze their current and future needs over the next three years to ascertain their current status and what the prospects might be over that timeframe. This could include the possibilities of having to move meeting locations and spending thousands of dollars or perhaps planning some fund-raising activities that would raise thousands of dollars. Each should become familiar with the policies controlling the availability of investment options. Due to the availability of funds, most units will only be able to participate in the money market program which can have funds moved in and out without penalty while receiving some interest.

16.h.(2). (Added) Finance Committee Approval. The Finance Committee of the respective unit needs to approve in formal minutes each transfer and/or requested withdrawal of funds from the respective investment program, be it the money market fund, certificate of deposit or National Headquarters' investment program. The minutes should indicate the specific investment program requested and include the minimum length of time the funds will be committed. If the selected option is the National Headquarters' investment pool program, the minutes also need to acknowledge the committee has read and understands National Headquarters' policy. A copy of National's policy must be attached with the acknowledgement.

16.h.(3). (Added) Transfer of Funds to an Investment Accounts(s). CAWGF 11, *Wing Disbursement Request*, must be completed requesting funds be disbursed into the specific investment option. The CAWGF 11 will be signed by two members of the finance committee. A copy of the signed finance committee minutes will be attached. A copy of National Headquarters' Investment Policy must also be attached to the minutes if the request is to transfer funds into National's investment program. The documents will be sent to Finance, Wing Headquarters who will process the request with the Wing Bank or National Headquarters depending upon the request.

16.h.(4). (Added) Wing Banker Program. The money market funds are comingled in one account for the units **subordinate to Wing**. The bank reports interest earned each quarter. Wing Headquarters will prorate and post the interest earned by each unit quarterly to their Wing

Banker statements. The bank will set up separate accounts for each certificate of deposit and issue statements quarterly to Wing Headquarters who in turn will provide a copy to each holder of a Certificate of Deposit. Wing Finance will issue a check to National Headquarters, Civil Air Patrol. National Headquarters' will set up a separate account for each unit with the investment firm being utilized. The investment firm will submit monthly statements for each account. Copies will be furnished each account holder. Wing will receive copies and adjust Quick Books to reflect current balances.

16.h.(5). (Added) Removal of some or all Funds in the Investment Accounts. The local Finance Committee must request and approve the withdrawal of funds. The finance committee meeting minutes will specify the need and the amount. Any withdrawal of funds from a Certificate of Deposit account prior to maturity, or from the National Headquarters program within thirty-six months will require Wing Finance Committee approval. Submit CAWGF 11 requesting withdrawal of funds to Wing Finance with the approved Finance Committee signed minutes. Wing Headquarters may or may not approve the request for early withdrawal of funds from a Certificate of Deposit or National Headquarters' investment program if the initial funds were deposited within the thirty-six month period of time. Wing Finance will process the approved request. There will be a \$25 charge by National Headquarters for the Investment Firm to wire funds to National Headquarters who in turn will transfer the money to Wing Headquarters as part of the Wing Banker Program. Receipt of funds from National Headquarters will take approximately two to three weeks.

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Attachment 1  
COMPLIANCE ELEMENTS

There are no compliance elements associated with this supplement.