



**Pennsylvania Wing  
CIVIL AIR PATROL**

**WING BANKER PROGRAM UNITS  
BELOW WING LEVEL**

**October 2009  
PAWGM 173-1, PAWG Supplement to CAPR173-1**

This publication was developed to inform the units below wing level of the procedures in implementing the Wing Banker Program. It was developed by the finance committee of Pennsylvania Wing, Civil Air Patrol.

Any comments or suggestions should be directed to your Wing Finance Officer or PA Senior Wing Administrator.

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## WHY ARE WE DOING THIS?

Congratulation! Civil Air Patrol's met its goal to receive an unqualified audit for the fiscal year 2007-2008. All the units pooling together and following the guidelines of the Wing Banker Program paid off. This results in greater accountability and consistency and will increase the confidence and trust of Civil Air Patrol members, government entities and the public. **Unqualified Audit** - the auditor will state "in our opinion the financial statements give a true and fair view..."

In 2005, Virginia Wing developed this plan to obtain a Unqualified Audit. They decided to ask their units to close out all their bank accounts and send the money to wing HQ. Wing HQ would open a separate checking and savings account into which the unit monies would be deposited. The advantages of the wing acting as the "banker" for the unit's monies include obtaining an unqualified audit opinion, all accounting being on the accrual basis (units below wing level are on the cash basis), all funds being audited, and better reporting. This program eliminates the need for financial recordkeeping at the unit level, which in turn eliminates the need to consolidate all units below wing level at year-end. It also relieves the burden on unit finance officers for reporting, writing checks, and reconciling the bank account each month.

While there is minimal 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. One member of the finance committee is require to approval all expenses under \$250.00 and two finance committee members for expenses over \$250.00. Approvals may be obtained via mail, fax, or e-mail. There will be better accountability because payments are correctly authorized. Wing will not "float" funds for a unit if it does not have enough money in the bank. The unit will be 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 unit can makes deposits locally, the unit must ensure that wing knows which unit made the deposit and to what income accounts the money should be posted.

The Wing Banker Program offers a viable Program to the qualified audit opinion. It will also end the problems encountered by the wings doing the consolidated unit report at year-end since this reporting requirement will be eliminated. The inconsistency and inaccuracy of the unit reports will cease to be a problem at all levels of CAP. The problem of different accounting methods will also disappear. Units will now be 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 will be phased in over a three-year period. In October 2006 Pennsylvania Wing became the first large wing to fully participate.

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## BEGINNING OF EACH FISCAL YEAR OR CHANGE OF COMMAND WHAT SHOULD WE DO?

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- Each unit needs to maintain their finance committee. This committee will develop the unit's budget, authorize payments and make deposits.
- All units will need to submit PAWGF 173-FC this form will list the members of their units finance committee along with their signatures for check request approvals purposes by October 1 of each year.
- All Unit Commanders will complete, sign and submit the Unit Commander's Financial Disclosure Statement to PAWG by September 30 of each year, in accordance with CAPR 173-1 paragraph 16c. [http://level2.cap.gov/documents/Unit CC Certification.dot](http://level2.cap.gov/documents/Unit_CC_Certification.dot)
- Develop a budget – submit to PAWG by Oct 1 of every year.
- All Unit Commanders will complete and return the Contributed Facilities Worksheet to PAWG from National Headquarters CAP by November 1 of every year. The worksheet and explanation is located on the CAP website. [http://www.cap.gov/visitors/members/new\\_financial\\_management/manuals\\_and\\_regulations/](http://www.cap.gov/visitors/members/new_financial_management/manuals_and_regulations/)
- All units will use deposit slips issued along with Deposit Advice forms PAWGF 173-D for all deposits.
- All request for reimbursements payment of bills will be submitted on a PAWGF 173-C or a Recurring Expense Form PAWGF 173-R.
- All Unit funds must be held by PA Wing Headquarters.
- This document contains the procedures for processing income and expenses, as well as periodic reporting to the units. This document is not complete it is a working document. It will be revised and developed as we all work together through this program.
- Certificates of deposit accounts and other investment accounts will be reviewed with the Wing Finance Director individually prior to September of each year. The address of the account will be The Pennsylvania Wing Headquarters, Building 3-108 Fort Indiantown Gap, Annville PA 17003, for proper accounting. In addition, the signers will have to be updated to include the signers from the PAWG finance committee. When the accounts mature the units finance committee along with the PAWG finance committee will collectively make the decision on future investment of these accounts.

- Every unit will receive a monthly accounting report of all their funds by the PA Senior Wing Administrator report must be reviewed for accuracy every month by the units finance committee.
- Units are not authorized to have a petty cash fund.

Please send any questions by e-mail to the PAWG Finance Director, DeEtte Riley at [driley@awandsons.com](mailto:driley@awandsons.com). The more questions you ask about the plan, the smoother the transition. This program is mandatory, not voluntary.

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## The Unit Bank Account

Pennsylvania Wing Civil Air Patrol

Charter Number PA \_\_\_\_\_ Squadron Number \_\_\_\_\_  
 Finance Committee

Personnel Authorization No. \_\_\_\_\_ Date: \_\_\_\_\_

The following personnel are appointed to the \_\_\_\_\_ Finance Committee and will function in accordance with CAP Regulation 173-1.

Circle	Name	Signature	CAPIC	Test on
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Finance Contact Information  
 Squadron Commander's Phone \_\_\_\_\_ e-mail address \_\_\_\_\_  
 Finance Officer's Phone \_\_\_\_\_ e-mail address \_\_\_\_\_

Group/Squadron Commander \_\_\_\_\_ Date \_\_\_\_\_

Group/Squadron Finance Officer \_\_\_\_\_

PAWG Finance Officer or Executive Officer \_\_\_\_\_

This personnel authorization needs to be renewed by October 1 each year.

Director  
 Squadron  
 PAWG Finance Officer  
 PAWG Administrator/PAWG  
 E-Club  
 E-File

PAWG 173-DE  
 9/22/2017

The Unit checking and savings account is PNC Bank. Units with savings accounts or CD's or wanting to establish an account are asked to contact the Director of Finance to work out the best account for the unit.

If any unit has a problem with being able to deposit money into PNC bank please notify the PA Wing Finance Director immediately to evaluate alternatives. Deposits can always be mailed to PAWG HQ as well.

All certificates of deposit (CD) and investment accounts. The money must be recorded in QuickBooks® at the wing level. The unit must change the address to PAWG HQ so the bank statements or brokerage statements come to PAWG HQ so that interest and any other transactions are

properly recorded. The unit may also allow a CD to mature and move it to the new bank. If the CD is allowed to stay in the unit's local bank and is not moved to the new wing bank, the mailing address and signatures must be changed to PAWG HQ. Any withdrawals from the CD or brokerage accounts must have proper approvals and must be done through PAWG HQ.

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## 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 a designated finance committee member must approve any expenses under \$250.00. This approval may be accomplished on the Check Request Form PAWGF 173-C. Expenses over \$250.00, must be approved by at least two members of the finance committee.

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 writes your checks. The units should also be reassured because wing HQ is audited every year, by the wing financial analyst.

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 reports that will be sent to each unit by PAWG HQ.

The unit needs to ensure that all bills are forwarded to wing in a timely manner. If the mailing address for approved reoccurring bills is changed to wing HQ, then the unit needs to authorize wing to pay those bills on a recurring basis through a recurring expense authorization. An example of a unit recurring expense policy PAWGF 173-R is attached in the Examples section. The address on these bills must include the unit charter number. A new Recurring Expense Forms must be completed each year by October 1 or any change to the Unit's Finance Committee.

The unit needs to either make their deposits at the designated bank or collect the checks and send them to PAWG 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.

The unit will continue to be 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.

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

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### **Receiving Income**

When PAWG HQ receives funds from the units it will be deposited and posted as separate deposit for each unit. Each unit will have a separate sub account.

- When a check is written to your unit it should be made payable to: PAWG CAP Unit PA\_\_\_\_ (your unit charter number).
- The unit must send a copy of the deposit slip and a Deposit Advice Form (PAWGF 173-D) to wing HQ so that the proper entries can be made. The PAWGF 173-D can be found on the PAWG Website and can be locally produced or electronically form filled and printed.
- The unit will specify names and account numbers from the standard chart of accounts or just describe the transaction in plain language with enough detail so that the proper account numbers can be identified.

- 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. 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 will need to be written from this unit to the other participating unit(s).
- If the unit sends the checks to wing to be deposited the unit still needs to send a Deposit Advice Form PAWGF 173-D. Wing must do a separate deposit for each unit so that each unit's cash sub-account receives credit for the deposit. All entries on the deposit must be classed.
- Make sure the units charter number on every document. This will help insure that all transactions are posted correctly.
- Copies of all deposits slips and Deposit Advice should be kept for reconciliation of your units account.

PENNSYLVANIA WING DEPOSIT ADVICE  
FOR UNITS BELOW WING LEVEL

DATE:  DATE OF DEPOSIT:

UNIT NAME:  CHARTER NUMBER:

SQUADRON NUMBER:

ITEMIZED LIST OF DEPOSITS RECEIVED FROM	PURPOSE OR ACCOUNT NUMBER	CHECK # OR CASH	AMOUNT	ACCOUNT NUMBER	DESCRIPTION/PURPOSE
LINE 1	<input type="text"/>	<input type="text"/>	<input type="text"/>	5060000	GOVERNMENT CONTRIBUTIONS - UNRESTRICTED
LINE 2	<input type="text"/>	<input type="text"/>	<input type="text"/>	52270*0	-HOSTING SENIOR ACTIVITIES
LINE 3	<input type="text"/>	<input type="text"/>	<input type="text"/>	52280*0	-HOSTING CADET ACTIVITIES
LINE 4	<input type="text"/>	<input type="text"/>	<input type="text"/>	5228100	-HOSTING TRAINING CLASSES, SEMINARS MEETINGS (SR & CADET)
LINE 5	<input type="text"/>	<input type="text"/>	<input type="text"/>	5228200	-HOSTING AEROSPACE ACTIVITIES (SR & CADET)
LINE 6	<input type="text"/>	<input type="text"/>	<input type="text"/>	5240000	-FUND RAISING - SPECIAL EVENTS
LINE 7	<input type="text"/>	<input type="text"/>	<input type="text"/>	5310000	MEMBER DUES
LINE 8	<input type="text"/>	<input type="text"/>	<input type="text"/>	5415100	CONTRIBUTIONS - UNRESTRICTED - CASH
LINE 9	<input type="text"/>	<input type="text"/>	<input type="text"/>	54160*0	CONTRIBUTIONS - RESTRICTED - CASH
LINE 10	<input type="text"/>	<input type="text"/>	<input type="text"/>	5420000	MISC INCOME
LINE 11	<input type="text"/>	<input type="text"/>	<input type="text"/>	6111000	MATERIAL & SUPPLY SALES
LINE 12	<input type="text"/>	<input type="text"/>	<input type="text"/>	6212200	-HOSTING CONFERENCES, BANQUETS, MEETINGS...
TOTAL			<input type="text"/>	6320000	ALL INCOME FROM NHC - MISC
				6410000	ALL INCOME FROM REGIONS/WINGS
				6413000	ALL INCOME FROM OTHER UNITS BELOW WING LEVEL

PAWGF 173-D (1 Oct 07)

## Paying Bills

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

Submitting unit bills to PAWG HQ:

- All bills must be submitted on a PAWG Check Request Form PAWGF 173-C or a Recurring Expense Form PAWGF 173-R with proper approval before any bill can be paid. A copy of the receipt/invoice/bill must accompany all forms. Electronic submission is authorized (e-mail scans or faxed). Note: copies of credit card, paypal statements, or bank statements are not acceptable as receipts.
- Recurring Expenses are invoices that units are paying on a routine basis i.e. phone, electric, rent. Change the address of these invoices to PAWG HQ, the unit charter number must be added to the billing name, and the PAWGF 173-R needs to be completed each year.

- The unit finance committee must authorize all expenses over \$250.00 in writing. Under \$250.00 can be authorized by the unit commander or one of the approved members of the unit's finance committee.
- Authorizers must sign name on the 173-C unless occupied by an e-mail trails of authorizations.
- Receipts and PAWGF 173-C or 173-R must filed with the units finance paperwork.
- Make sure the units charter number is 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.
- Expenses can be mailed, e-mailed or faxed to PAWG HQ. [capfm@bigbrain.net](mailto:capfm@bigbrain.net) Fax 717-871-2164 or 888-528-1561. Originals are not needed.

PENNSYLVANIA WING CHECK REQUEST  
FOR UNITS BELOW WING LEVEL

DATE OF REQUEST:  DATE NEEDED BY:

UNIT NAME:  CHARTER NUMBER:

ISSUE CHECK TO:  SQUADRON NUMBER:

NAME OR COMPANY:

RANK OR TITLE:

STREET ADDRESS:

CITY, STATE ZIP:

E-MAIL ADDRESS:

PHONE:

ITEMIZED EXPENSE	DESCRIPTION	ACCOUNT NUMBER	AMOUNT
LINE 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
LINE 2	<input type="text"/>	<input type="text"/>	<input type="text"/>
LINE 3	<input type="text"/>	<input type="text"/>	<input type="text"/>
LINE 4	<input type="text"/>	<input type="text"/>	<input type="text"/>

TOTAL AMOUNT OF CHECK:

If approved by Finance Committee Date of Minutes:

UNIT COMMANDER APPROVAL:  DATE:

UNIT FINANCE COMMITTEE MEMBER APPROVAL:  DATE:

If check amount is \$250.00 or more, 2 signatures or approvals are needed

PAWGF 173-C (1 OCT 07)

ACCOUNT #	DESCRIPTION	ACCOUNT #	DESCRIPTION
724200	AWARDS	847608	CADET TRIP
724300	SCOUT ACTIVITIES (participates in extra activities)	847617	CADET ACTIVITIES OTHER
754200	PROFESSIONAL SERVICES	847619	SCOUTS/CADETS: IMPROVEMENT
760200	ACTUAL MISSION EXPENSE	847600	SENIOR ACTIVITIES EXPENSE
788200	TRAINING MISSION EXPENSE (FIX)	848900	TRAINING CLASSES (GENERAL (SR & CADET))
771000	OFFICE SUPPLIES	848910	COR-AMERICAN REC CROSS
772000	MATERIALS & SUPPLIES	848820	COMMUNICAT ON TRAINING
773000	EQUIPMENT PURCHASES	848830	STAFF TRAINING
774500	COMMUNICATIONS EQUIPMENT PURCHASE	848860	AD TO SPACE EDUCATION
781000	TELEPHONE & COMMUNICATION	841000	CONFERENCE & MEETINGS HOUSING EXPENSE
781100	INTERNET TEL	871000	INSURANCE
790000	POSTAGE & SHIPPING	882100	PROFESSIONAL DEVELOPMENT GENERAL
811000	RENT	897000	SQUADRON LEADERSHIP COURSE
822000	UTILITIES	896000	BR TRAINING FOR CADET LEADERS
828000	CONSTRUCTED FACILITIES/UTILITIES	897000	LEADING CLC
830000	ADULT EXPENDITURE UNITS	897000	POSING UNIT COMMANDERS COURSE
831000	VEHICLE MAINTENANCE	898100	LEADING LEVEL 1
811000	EQUIPMENT LEASE	912000	BAJ LEASIS
818000	AIRCRAFT RENT	924000	ADVERTISING (NO LEADERSHIP NEWSLETTERS, 1 YEAR)
819000	COMMERCIAL MAINTENANCE	932000	MEMBERSHIP EXPENSES
819500	OTHER EQUIPMENT MAINTENANCE	935000	MEMBERSHIP (NOT PAID DIRECTLY TO ANY CAP ENTITY)
824000	PRINTING & PUBLICATIONS	931100	SPECIAL SERVICES (SYMPA, HY, RETIREMENT, BEST FRIENDS...)
821000	TRAVEL (INCLUDING WING/REGIONAL CONFERENCES)	843000	EXPENDITURES WITH NEGOTIATOR
842000	ENCUMBRANCE EXPENSES	842000	REGISTRATION FEE TRAINING
873200	COLOR GUARD/DRILL TEAM	848000	EXPENDITURES WITH REGIONAL WING
847500	UNIT LEADERSHIP PROGRAM	841000	EXPENSES WITH UNITS BELOW WING
875000	UNIT LEADERSHIP PROGRAM	848000	FUND RAISING: RAFFLES
875200	CAD		

### Pennsylvania Wing Civil Air Patrol UNIT RECURRING EXPENSE POLICY

**This policy will need to be renewed on October 1 each year.**

The finance committee of \_\_\_\_\_ Squadron hereby authorizes Pennsylvania Wing to submit payment to \_\_\_\_\_ for our \_\_\_\_\_ on a \_\_\_\_\_ basis on our behalf without additional written approval. Wing HQ is authorized to submit payment up to \$\_\_\_\_\_ per month. If the payment requested from \_\_\_\_\_ exceeds \$\_\_\_\_\_ per month someone from Wing HQ will contact the Squadron commander or Finance Officer to obtain additional authorization. If the Squadron does not have enough funds to pay the bill, someone from Wing HQ will contact the Squadron Commander or Finance Officer to work out a solution.

\_\_\_\_\_  
Group/Squadron Commander Date

\_\_\_\_\_  
Group/Squadron Finance Officer

\_\_\_\_\_  
PAWG Finance Officer or Executive Officer

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## Reconciling the Unit Checking Account

The PAWG accountant will reconcile the accounts every month.

Discrepancies may be found with account, i.e. a deposit of which we have no record. This might occur when the units make deposits locally, and for some reason PAWG does not receive record of the deposit. If this occurs an e-mail will be sent out on the commander list server listing the date and amount of the deposit and asking to whom it belongs. The claiming unit of the deposit will need to mail the deposit slip and Deposit Advice Form PAWGF 173-D so they may receive proper credit.

After the reconciliation is complete each unit will be e-mailed a statement that the units finance committee must review and approve. The units should keep copies of all transactions; (deposits and bills/invoices) should be kept for reconciliation of your units account and inspections.

If the unit finance committee finds any discrepancies with the unit account statement e-mail the PAWG Finance Office [capfm@bigbrain.net](mailto:capfm@bigbrain.net) as soon as possible with details of the discrepancy so correction can be made.

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## Unit Savings Account

### Interest

Units that have funds that are not budgeted to be used for more than 6 months, the unit can request that the funds be transferred into the unit saving account where the unit will receive interest every month in the units account.

PAWG will be absorbing all the mailing cost, checks, deposit slips, and accounting fees.

Any unit that wants to invest in a CD or other investment need to contact PAWG Finance Committee to review options and open an account. Local suggestions are encouraged.

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## Questions

Any questions can be e-mailed to:

Lt Col DeEtte Riley, PAWG Director of Finance [driley@awandsons.com](mailto:driley@awandsons.com)  
 Mr. Phil Richardson, PAWG Senior Wing Administrator [capfm@bigbrain.net](mailto:capfm@bigbrain.net)  
 Lt Col Robert Meinert, PAWG Executive Director [rmeinert@forcomm.net](mailto:rmeinert@forcomm.net)  
 Or call PAWG Headquarters at 717-861-2335,  
 PAWG HQ Fax: 717-861-2164 or 888-528-1561  
 Pennsylvania Wing Headquarters  
 Building 3-108  
 Fort Indiantown Gap  
 Annville PA 17003

DeEtte Riley home number after 7 PM 814-632-8341 or 814-880-9093 cell Leave a message.

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## Summary

October of every year submit:

The Finance Committee Form PAWGF 173-fc

The Unit Commander's Financial Disclosure Statement

[http://level2.cap.gov/documents/Unit\\_CC\\_Certification.dot](http://level2.cap.gov/documents/Unit_CC_Certification.dot)

Unit Budget

Recurring expenses PAWG 173-r

Contributed Facility Worksheet

[http://www.cap.gov/visitors/members/new\\_financial\\_management/manuals\\_and\\_regulations/](http://www.cap.gov/visitors/members/new_financial_management/manuals_and_regulations/)

Make sure your unit number (NERPA\_\_\_\_) is on all paperwork  
 Make sure you reconcile the statement Wing sends every month  
 PAWGF 173-d must accompany all deposits  
 PAWGF 173-c must be signed (except if e-mailing you may type the names as long as there is an e-mail audit trail of approvals) over \$250.00 must have 2 signature (approvals) from the finance committee. The words "I authorize or approve the" must be used.

Every expense must have a receipt. Copies are acceptable (check, paypal statements, or credit card statement do not qualify as a receipt.)

.....  
**From:** DeEtte Riley [mailto:driley@awandsons.com]  
**Sent:** Thursday, April 09, 2009 6:37 PM  
**To:** 'DeEtte Riley'  
**Subject:** FW: Check Request Authorization  
**Attachment:** Check Request

Mr. Richardson,

Please process the attached Check Request authorized by myself and Lt Col ... in the e-mail trail below.

Thank you,  
 DeEtte Riley, Lt Col CAP  
 PAWG FM

.....  
**From:** DeEtte Riley [mailto:driley@awandsons.com]  
**Sent:** Thursday, April 09, 2009 6:34 PM  
**To:** 'DeEtte Riley'  
**Subject:** RE: Check Request Authorization  
**Attachment:** Check Request

I authorize the expenses for Maj.... in the attached file.

Lt Col .....  
 Finance Committee Member

.....  
**From:** DeEtte Riley [mailto:driley@awandsons.com]  
**Sent:** Thursday, April 09, 2009 6:32 PM  
**To:** Lt Col .....  
**Subject:** Check Request Authorization  
**Attachment:** Check Request

Lt Col ...,

Please review the attached receipt and check request for your authorization.  
 I DeEtte Riley the Finance Office authorize the expenses on the attached receipt and check request for Maj ...

DeEtte Riley, Lt Col CAP  
 PAWG FM

## Glossary of Accounting Terms

**Auditor Opinion** - The auditors opinion is the most important part of the [audit](#) report that is provided on company accounts.

The auditor will give an opinion that is [unqualified](#), [qualified](#), [adverse](#) or that there is a fundamental uncertainty. A fundamental uncertainty means that the auditor is unable to express an opinion.

A disclaimer of opinion is issued when the auditor is unable to express an opinion. An auditor may draw investors attention to a fundamental uncertainty, but this does not necessarily mean that the audit is qualified.

**Unqualified Audit** - If there are no problems found during an audit, the auditor will state “in our opinion the financial statements give a true and fair view...” Such an [audit opinion](#) is given when there has been no limitation on scope and the auditor agrees with the treatment and [disclosure](#) of information the financial statements.

The accounts of listed companies are almost always given an unqualified opinion on the audit report, as potential problems will be identified and dealt with ahead of the release of the financial statements.

**Qualified Audit** - Qualified Audit A qualified [opinion is given in the auditors' report](#) if there is a limitation on scope or if the auditor disagrees with the treatment or [disclosure](#) of information in the financial statements. Except for the qualification of a particular issue, the rest of the financial statements will give a true and fair view.

The accounts of listed companies are rarely qualified and it would seriously undermine confidence in the management if they were.

**Accrual Accounting** - An accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions happen.

Notes: The opposite of this is cash accounting, which recognizes transactions only when there is an exchange of cash. But under accrual accounting, for example, if you buy a stereo on credit, the company you buy from would still recognize the event as a transaction.

**Cash Accounting** - An accounting method where receipts are recorded during the period they are received, and the expenses in the period in which they are actually paid.

Notes: Basically, when the cash is received for a sale, it is recorded in the accounting books as a sale. This is in contrast with accrual accounting, where revenue and expenses are recorded when they are incurred.