

2012
FINANCIAL
REPORT



Civil Air Patrol



Citizens Serving Communities



This publication meets the Annual Report to Congress requirement listed in Title 36 of the United States Code.

CAP By the Numbers

A Statistical Overview of Fiscal Year 2012

Volunteer Members:

34,463 adult members
26,384 cadets
36,952 voting-age members
8,011 aircrew personnel
32,933 emergency responders

Squadrons:

1,498 locations all over the nation

Aircraft:

550 single engine
49 gliders
2 balloons

Vehicles:

960 vehicles

Interoperable Communications:

668 VHF/FM repeaters
7,527 VHF/FM stations
1,246 HF stations

Missions:

703 search and rescue missions
382 finds
32 lives saved
191 counterdrug missions
719 other state support missions

Cadet Activities:

29,856 cadet orientation flights
Cadet Participants
4,936 summer encampments
50 International Air
Cadet Exchange
324 flight academies
(powered, glider, balloon)

Hours Flown:

100,333 total hours
More than 76,000 hours on
Air Force assigned missions

Financial:

\$1.9M state funding
\$27.8M federal operations and
maintenance funding
\$155M value of volunteer hours

Civil Air Patrol is
congressionally chartered
and operates as a 501(c)(3)
nonprofit corporation.



ABOUT

CIVIL AIR PATROL

One of the nation's premier humanitarian service organizations, Civil Air Patrol saves lives, finds the lost, helps Americans in times of disaster, works to keep the homeland safe and prepares the nation's future leaders through its cadet and aerospace education programs. The official auxiliary of the U.S. Air Force, CAP is truly a cost-effective force multiplier — not only for the Air Force but also for other branches of the armed forces, as well as other national, state and local agencies throughout the country. CAP's services, provided by an army of unpaid professionals, cost U.S. taxpayers only \$120 to \$160 per flying hour, saving hundreds of thousands of dollars over other aviation options. The value of its volunteer man-hours exceeds \$150 million annually, proving its worth to the nation and the American communities it serves.



**CAP missions
save millions of
defense dollars.**



\$155 Million Impact

CAP's volunteer man-hours topped \$155 million in 2012, up \$2 million from the previous year. The services performed far exceeded the \$27.8 million in federal operations and maintenance funding and \$1.9 million in state funding CAP received.

100,333 Flying Hours

Aircrews flew 100,333 hours in support of CAP missions in 2012. Many of those flight hours were spent providing aerial imagery, a "bread-and-butter" mission for CAP.

2,000 Hours Annually for U.S. Air Defense Missions

Harkening back to when founding members performed homeland security missions during World War II, CAP aircrews now fly more than 2,000 hours a year in air defense intercept training exercises that help prepare fighter units across the country. Members also participate in special intercept training requests related to events of national significance, like meetings of world leaders in the U.S., the Super Bowl and NASCAR races.

31-Page GAO Report

A 31-page report by the U.S. Government Accountability Office affirmed that Civil Air Patrol is a well-trained and cost-effective support provider for homeland security and disaster relief missions. GAO recommended the U.S. Air Force and Department of Homeland Security look for ways to increase CAP's involvement in future missions.



Two-Time National Cyber Champs
CAP cadets won back-to-back CyberPatriot championships in 2011 and 2012. The national high school competition helps prepare youth for future cyber-security careers.

Report to Congress
Members of the Texas Wing brief U.S. Rep. Michael McCaul, R-Texas, center, on CAP's missions for America during the organization's annual Legislative Day. McCaul is chairman of the House Homeland Security Committee.

Responding to 50-Plus Disasters

A top resource for emergency services, CAP supported 52 requests for assistance from federal, state and local authorities in disaster relief operations during 2012. Members provided aerial photography, damage assessment and ground team support for a variety of disasters, including hurricanes, tsunamis, winter storms, spring flooding, tornadoes and wildfires.

A Record 158,000 Photos

Aircrews and image evaluation teams on the ground captured and processed more than 158,000 digital photos of Hurricane Sandy's destruction — a CAP record. The images helped provide the Federal Emergency Management Agency as well as state and local responders with an accurate picture of the damage and where help was most critically needed. This is a great example of one of the many capabilities the GAO envisioned CAP providing for all Department of Homeland Security agencies.

CAP's stated mission is supporting America's communities with emergency response, diverse aviation and ground services, youth development and promotion of air, space and cyber power.



6,000 Crowdsourcers

The aerial photo review process for Hurricane Sandy was streamlined through crowdsourcing, using 6,000 volunteers, many of them CAP members, to assess images placed on a website created for that purpose. The volunteers' evaluations of the images helped emergency management agencies respond faster and more effectively.

90 Percent of SAR Missions

Well-known among the nation's search and rescue elite, CAP participates in 90 percent of America's inland search and rescue missions, as directed by the Air Force Rescue Coordination Center.

32 Lives Saved

In its role as the U.S. Air Force auxiliary, CAP participated in over 700 search and rescue missions and was credited with saving 32 lives in 2012 using high-tech tools like award-winning radar and cell phone forensics capabilities developed by members.

A 20-Wing Response for Hurricane Sandy

Working with FEMA, states and other relief agencies, CAP members from 20 wings in the Great Lakes, Middle East and Northeast regions helped make sure the hungry were fed and the cold sheltered in the wake of Hurricane Sandy.



200 Counterdrug Missions

Nearly 200 counterdrug missions in 2012 helped federal, state and local law enforcement agencies remove more than \$491 million in illegal drugs and currency from U.S. streets.

30,000 'O' flights

CAP's air fleet also includes 49 gliders, which are used to introduce many of CAP's cadets and aerospace education members to flight. In 2012, more than 10,000 glider orientation flights were conducted, along with almost 20,000 orientation flights in the organization's single-engine aircraft.

26,000 Cadets Ages 12-20

CAP's Cadet Program serves more than 26,000 cadets, up 25 percent over the past four years. The cadets, ages 12-20, benefit from a curriculum that trains them to lead; offers opportunities for flight, including pilot training; and teaches character development and emergency response techniques, including lifesaving.

220,000 AE Students

CAP's cadets and 220,000 K-12 students nationwide are influenced by the organization's aerospace education products and programs, each designed to steer them toward science, technology, engineering and mathematics (STEM) careers.

420,000 Remembrance Wreaths

CAP helps remember military veterans each year by finding sponsors for tens of thousands of wreaths and laying them at the graves of fallen soldiers at U.S. cemeteries nationwide and abroad. Last year, more than 420,000 evergreen rings of remembrance were placed as part of the Wreaths Across America initiative.

A \$2.5 Million Value

CAP's 487-member Chaplain Corps — the nation's largest volunteer chaplaincy — assists with church services to include weddings and funerals for the nation's military as well as volunteer counseling services for U.S. disaster victims and American soldiers each year. This support is valued at \$2.5 million annually. The chaplains also are available to counsel the organization's youth and adult members.

Over 9,500 Pieces of Communications Equipment

CAP's communications network includes more than 4,500 mobile, 3,100 portable and 2,000 fixed radios. The organization's VHF and HF communications network allows 24/7 communications nationwide during disasters. These capabilities are available regardless of cell tower or satellite infrastructure, which could be affected by the crisis. Many of CAP's ground vehicles are connected to an extensive communications network through next generation HF Automatic Link Establishing (ALE) radios.

Supporting AMERICA'S COMMUNITIES WITH emergency response, diverse aviation and ground services, youth development and promotion of air, space and cyber power. Supporting America's communities with EMERGENCY RESPONSE, diverse aviation and ground services, youth **development** and PROMOTION of air, space AND cyber power. Supporting America's communities with EMERGENCY **response**, diverse aviation and ground services, youth development and promotion of air, space and cyber power. Supporting America's communities with emergency response, diverse aviation and ground services, youth development and promotion of air, space and **cyber power**. Supporting America's communities with emergency response, diverse aviation and ground services, youth development and promotion of **air**, space and **cyber power**. Supporting America's communities with emergency response, diverse aviation and GROUND SERVICES, youth development and **PROMOTION** of air, space and cyber power. Supporting America's communities with **EMERGENCY** response, diverse aviation and ground services, youth development and promotion of air, space and cyber power.

MISSION STATEMENT



YOUTH PROGRAMS

Aerospace Education's STEM Program

More than 26,000 cadets and 220,000 K-12 students nationwide benefit from CAP's award-winning aerospace education program, composed of more than 30 aerospace education products and programs designed to generate interest in science, technology, engineering and mathematics (STEM) careers. New products now available include a robotics module containing 21 hands-on activities; a satellite imagery module, which identifies aerospace objects like runways using satellite technology; and a model aircraft program in which participants build airplanes and fly remote control aircraft. The Aerospace Education Excellence program further supports STEM education through 150 inquiry-based activities for both CAP squadrons and outreach to schools and youth organizations across the nation.

More than \$300,000 in college and flight scholarships are available to help CAP cadets fulfill their dreams of earning a degree or becoming a pilot.



Aerospace in Early Education

The Aerospace Connections in Education program provides K-6 students grade-specific aerospace-themed academics, character education and physical fitness lessons for living a healthy, drug-free lifestyle. In 2012 approximately 20,000 students and more than 650 teachers in 108 schools in 27 states participated in the ACE program.

AE Educators

CAP's influence on the development of America's youth extends to educators nationwide, who play a critical role in shaping their students' lives and futures. CAP provides these teachers with free materials that focus on leadership, physical fitness, character development and aerospace education and inspire interest in science, technology, engineering and math (STEM) subjects and professions. Opportunities for educators to experience a CAP Teacher Orientation Program (TOP) Flight further engage them in generating interest in aerospace/STEM careers in their students.



A focus on America's youth lies at the heart of two of CAP's three congressionally mandated core missions — cadet programs and aerospace education.



Leadership Training

Through emphasis on aerospace education, leadership, character development and physical fitness, CAP exposes youth 12-20 years old to what it means to serve and lead others. Cadets learn leadership and team-building skills through

formal classroom instruction and hands-on experiences in which they apply leadership principles to real-world challenges. Many go on to careers in the military, engineering and aerospace.

Partnership Support

The Air Force Association annually provides CAP with more than \$22,000 in grants used to promote aerospace and STEM subjects and careers. CAP collaborates with the Academy of Model Aeronautics to nurture and support the growth of

aviation participation, aerospace education and model aviation, including remote-control flying. Also, a \$250,000 award from the National Defense Education Program was used to purchase and distribute STEM Kits to CAP units and educators nationwide.



Many astronauts, pilots, engineers and scientists first explored their careers by joining CAP.



Learning to Fly

The opportunity to fly is a major attraction for cadets. Often, it is through CAP that a cadet receives the first flight of his or her life. Aviation education is delivered in both the classroom and the cockpit at one of eight National Flight Academies. Cadets gain an understanding of the complex forces that cause an aircraft to fly and study other fundamental topics, such as navigation, engines and aerospace history. Part of the shirt is cut from successful solo students as a rite of passage to signify a cadet is now a CAP aviator. Nearly 30,000 cadet orientation flights were conducted in CAP planes last year, including more than 10,000 glider flights. The glider program was enhanced by the U.S. Air Force Academy's donation of 10 TG-10B (L-23 Super Blanik) gliders with a remaining service life of seven to eight years.

Some 2,200 CAP aerospace education (teacher) members take their love of aviation and space into the classroom, reaching more than 220,000 students each year.



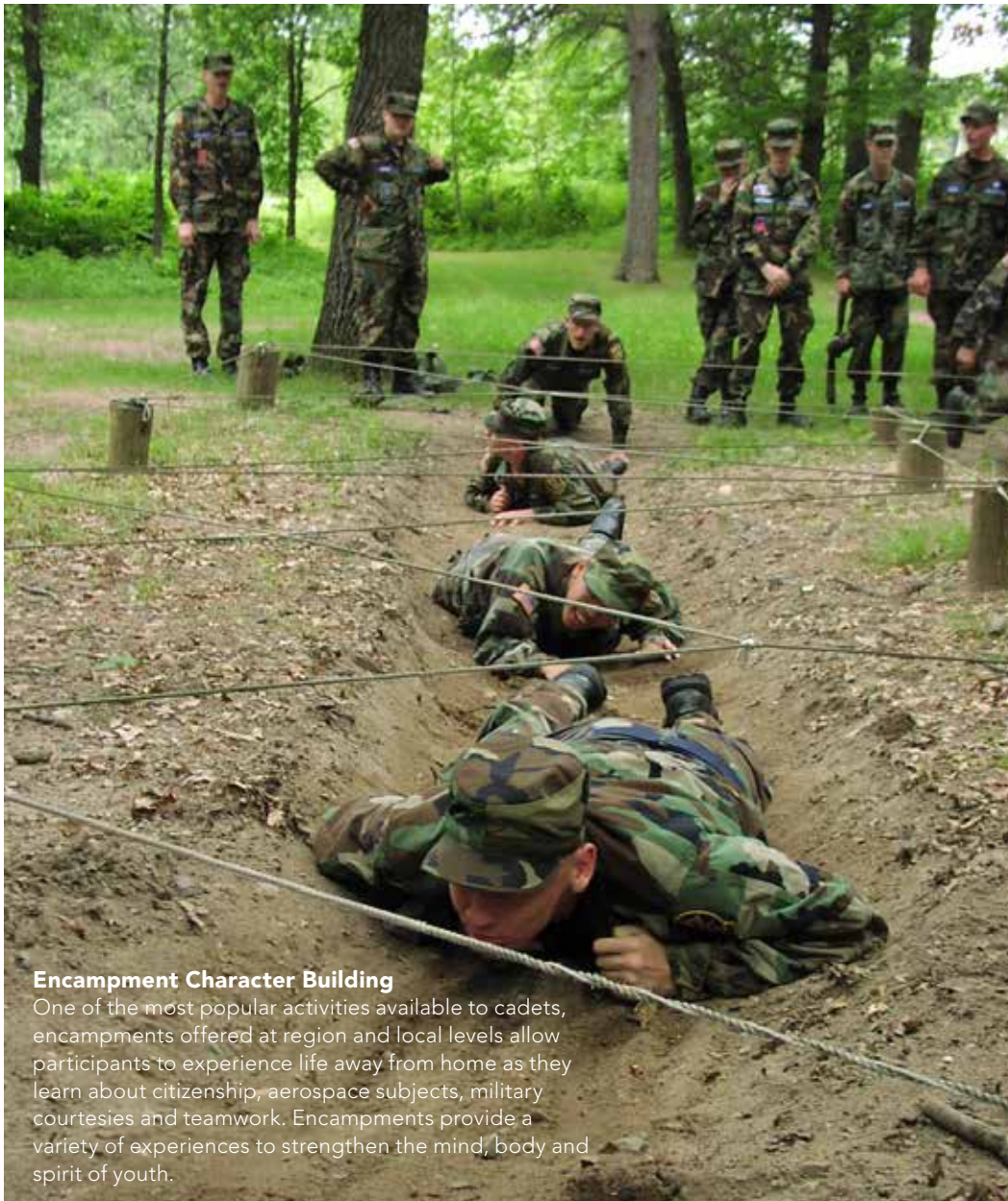
The Best and Brightest

The new Model Aircraft & Remote Control Flight Academy is one of 30 National Cadet Special Activities held across the nation that help mold the next generation of citizens through top-notch instruction that emphasizes hard work, self-discipline and teamwork. More than 1,000 participants annually hone their skills and learn new ones in such areas as aerospace technology, aircraft manufacture and Air Force careers, as well as flight, leadership and search and rescue.



Back-to-Back CyberPatriot National Champions

For the second straight year Civil Air Patrol was the Air Force Association's CyberPatriot national champion in the All Service Division. The Colorado Springs Cadet Squadron team successfully defended CAP's claim to the national title by prevailing over more than 1,000 teams in the 2012 competition. The South Dakota Wing's Big Sioux Composite Squadron also stood in the national spotlight as winner of the inaugural CyberForensics Challenge. This cyber defense career exploration program is offered at no cost to every CAP squadron nationwide.



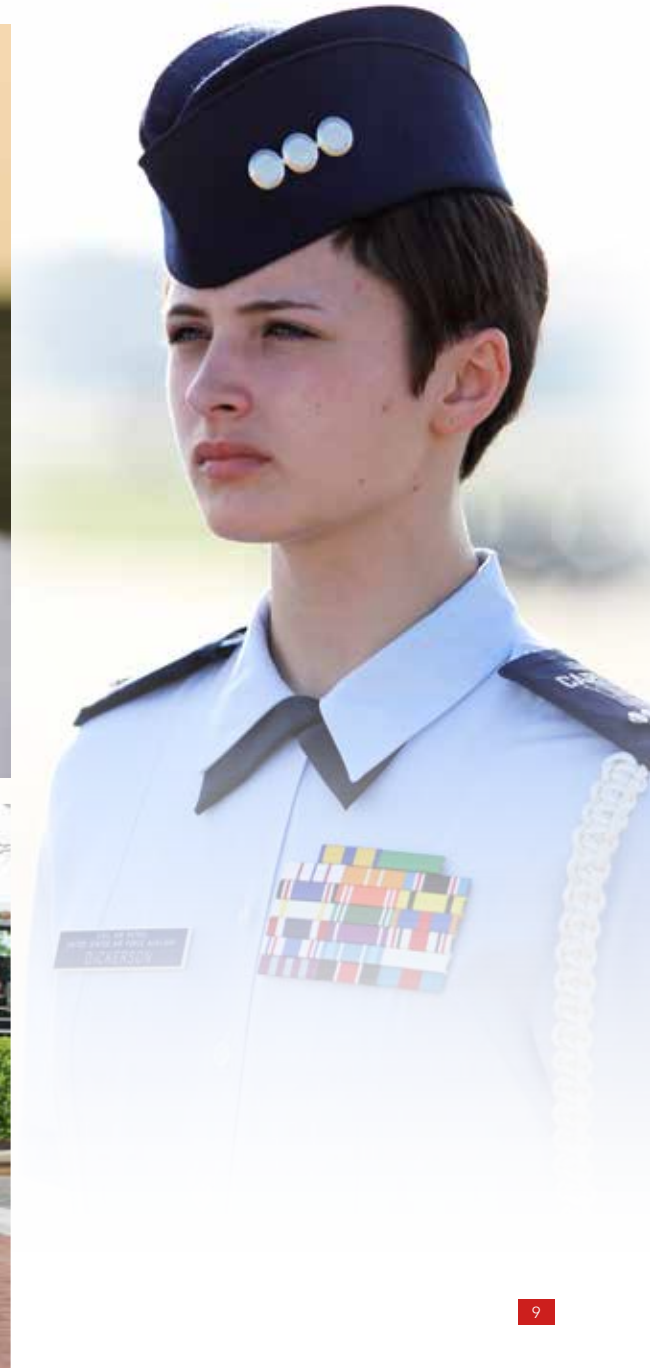
Encampment Character Building

One of the most popular activities available to cadets, encampments offered at region and local levels allow participants to experience life away from home as they learn about citizenship, aerospace subjects, military courtesies and teamwork. Encampments provide a variety of experiences to strengthen the mind, body and spirit of youth.



Showcasing a Competitive Edge

Hundreds of cadets each year compete for the chance to be recognized as the national champion in an array of highly specialized and challenging competitions. The National Cadet Competition, for example, features intricate and synchronized drills as well as individual and team challenges in tests of skill, intellect, discipline and athleticism.



OPERATIONAL MISSIONS

Homeland Security

An F-16 maneuvers to intercept a CAP Cessna acting as a potential "low and slow" threat to Washington, D.C., airspace. In these training scenarios, the Cessna is escorted out of the area or forced to land. Frequent practice scrambles, which were initiated post-9/11 and occur on average once a day in Washington, effectively minimize response times. As part of the organization's expanding homeland security missions, CAP aircrews flew more than 2,000 hours during air defense exercises in 2012, helping prepare fighter units across the country. CAP also participates in intercept training requests related to special events of national significance, like meetings of world leaders in the U.S., the Super Bowl, NASCAR races and missions to intercept illegal drug flights. These exercises take CAP full circle, back to when it performed homeland security missions during World War II.

CAP missions
save millions of
defense dollars.



War on Drugs

Aircrews conducting counterdrug and drug interdiction operations flew 8,362 hours helping law enforcement agencies seize \$491 million in illegal drugs and currency, leading to 632 arrests. CAP aircrews were involved in 191 counterdrug missions in 2012.

Firespotting

Aerial photos of billowing smoke in the Manitou Springs area of Colorado, taken in rough air from 13,500 feet by a CAP aircrew on fire watch for Douglas County, show some of the first manifestations of what later became the Waldo Canyon Fire, which destroyed more than 300 homes and resulted in two deaths. Tracking and reporting wildfires require long-term reconnaissance over huge tracts of land. At Eglin Air Force Base, Fla., the largest Air Force land range in the U.S., CAP's pilots work to spot fires year-round, saving the federal government \$600 to \$1,100 per flying hour compared to what it would cost to hire a private company.



When commercial resources are unavailable, CAP transports time-sensitive medical materials, blood products and body tissues.

Tsunami Warnings

Aerial tsunami warnings are a core mission of Civil Air Patrol's Hawaii Wing, where members are ready to launch 24/7 within one hour. In 2012, the call to duty came in the aftermath of a magnitude-7.7 earthquake in the Queen Charlotte Islands area off the coast of

British Columbia, Canada. Flights warning people in coastal areas or tsunami inundation zones to evacuate to higher ground were completed before the first estimated impact time despite short notice. The Hawaii Wing has performed tsunami warning missions for more than five decades.

Civil Air Patrol's response to Hurricane Sandy was one of the largest missions in CAP's history, with members from 20 wings in three regions answering the call for help.



Hurricane Sandy

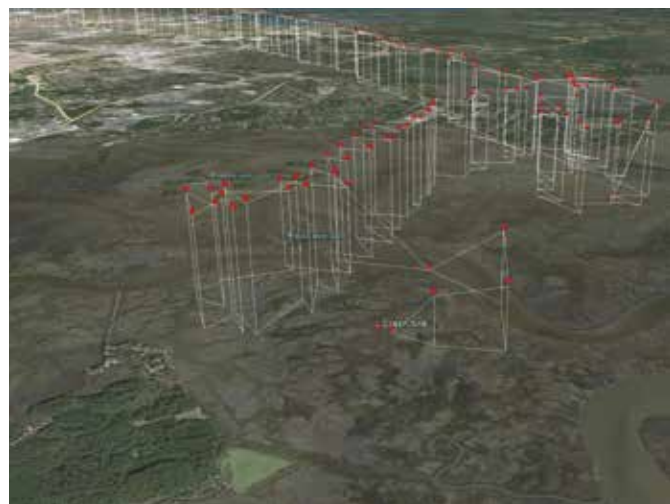
Members from states along the Atlantic Coast and from as far away as Ohio and Wisconsin combined their efforts to assist in the aftermath of Hurricane Sandy's assault on the Northeast. CAP aircrews generated

photographs of the superstorm's impact on the coastline, on infrastructure and on commercial buildings and homes, ultimately providing more than 158,000 images for the Federal Emergency Management Agency and state and



local officials to use in gauging the extent of the damage and deciding on the best course of action to take in crafting a response. On the ground, other members helped staff state emergency operations centers and assisted relief agencies

in sheltering the displaced and gathering and distributing food and other supplies for stricken communities.



Cell and Radar Forensics

The National Radar Analysis and Cell Phone Forensics Teams, consisting of radar and cell phone data analysts and computer programmer specialists, work together on search and rescue missions, effectively reducing the time between when people or aircraft are reported missing and survivors are rescued. These time factors can often mean the difference between life and death. When merged with other available information and the advanced skills of CAP responders on the ground and in the air, the results are dramatic. In 2012 alone, nine saves were awarded to CAP's technical experts. Radar and cell phone forensics team members were able to pinpoint likely areas to search with startling accuracy.

Crowdsourcing

Last year the federal photo review process was streamlined through crowdsourcing, using 6,000 volunteers, many of them CAP members, to analyze more than 30,000 images placed on the U.S. Geological Survey Hazards Data Distribution System (HDDS) on a custom FEMA website created for that purpose. The images' depictions of storm damage were rated as light, moderate and heavy, providing response agencies faster, more accurate evaluations of Sandy's destruction in the first few days after the hurricane made landfall.



Search and Rescue

CAP participated in just over 700 search and rescue missions in 2012 and was credited with 382 finds and 32 lives saved. Advances in technology — including digital electronic direction finders, infrared cameras that register heat signatures, real-time full-motion video, in-flight chat capabilities and airborne public address systems — have also enhanced CAP's SAR capabilities. The organization's unpaid professionals annually conduct 90 percent of inland search and rescues in the continental U.S. as tasked by the Air Force Rescue Coordination Center and other agencies. Using direction-finding equipment, CAP responded to more than 550 distress signals from emergency locator transmitters in 2012. Newer beacons connected to GPS receivers greatly reduce search areas for CAP's emergency service responders.



Hurricane Isaac

The Mississippi and Louisiana wings flew 90 sorties and took more than 3,000 aerial images that assisted emergency responders and state and local authorities in determining critical damage assessment needs in the wake of Hurricane Isaac. The storm's rainfall and subsequent flooding affected 14 counties, including some of the same areas ravaged by Hurricane Katrina in 2005. Both wings also deployed ground teams to support local communities affected by the storm.

GAO Report

The Government Accountability Office issued a 31-page report for Congress in 2012 urging the U.S. Air Force to work with the Department of Homeland Security to expand the work of its auxiliary in training and homeland security missions. The GAO report identified CAP as a potential partner of DHS because of the organization's past performances in support of homeland security missions, which it found both professional and cost-effective. CAP responded to the GAO report by saying its leadership is looking forward to working with the Air Force and DHS, along with others such as the Coast Guard, to consider how CAP can be used efficiently and effectively to support future homeland security missions.



Chaplain Corps

CAP's Chaplain Corps — with 487 chaplains and 327 character development instructors — is the nation's largest volunteer chaplaincy. In 2012, the organization's chaplains participated in 33,253 events, volunteered 128,050 hours and traveled 971,952 miles. Their volunteer service is valued at \$2.5 million annually.



The CAP-hosted National Emergency Services Academy, which consists of two weeklong summer sessions in Indiana, annually draws more than 600 adults and youth for intensive training in three schools — for Ground Search and Rescue, Incident Command System and Mission Aircrew.



Training

How do you fly thousands of sorties on 703 search and rescue, 191 counterdrug and 719 other state support missions in one year and do a good job? Through ongoing professional development offered at the unit, wing, region and national levels, members are provided the knowledge, skills and expertise required to perform these missions. Specialization is the key to CAP's success. Entire schools, for example, are devoted solely to such topics as ground team training, flying and leadership. The organization's unpaid volunteers are top-notch professionals in their own right.

CAP's Hawk Mountain Ranger School, conducted every summer in the mountains of Pennsylvania, features courses on navigation, search techniques and equipment, communication skills, woodsmanship, campsite selection and equipment, first aid, patient evacuation, specialized equipment, health and nutrition and survival skills.

Safety First

CAP's powered aircraft accident and incident rates are consistently low and always well below the norm for general aviation. Members' safety in performing emergency services and disaster relief missions is enhanced by a Web-based training and safety management system that provides a one-stop resource for education, hazard reporting and mishap management. In 2012 CAP became an industry partner with the Federal Aviation Administration, an arrangement designed to help ensure safe aircraft operations for CAP as well as the entire aviation industry. CAP cadets contribute to safety by providing flight line marshalling at airshows and fly-ins nationwide.

PLANNING AND
TECHNOLOGY



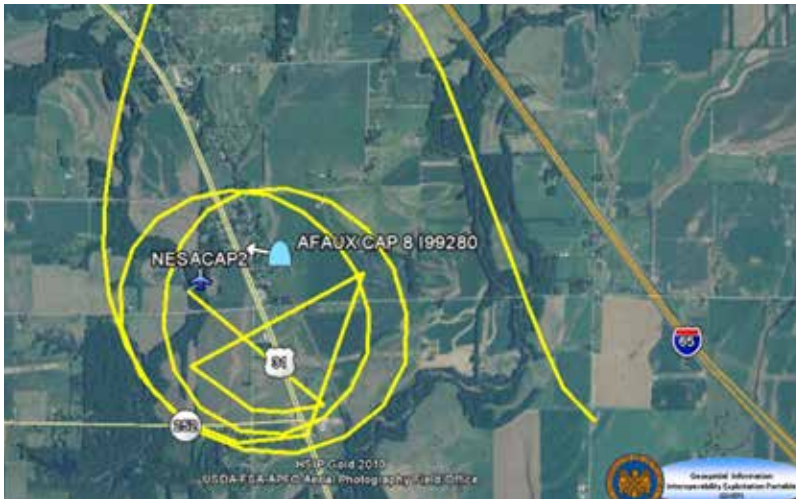
With its versatile air fleet, CAP provides air intercept training, impact assessment, light transport, communications support and low-level route surveys for the U.S. Air Force.

Strategic Planning

CAP's 2013-14 Strategic Plan was developed in 2012 to position the organization's 61,000 members to compete in today's global economy. The plan follows tried and true methodology used by corporations worldwide — analyzing strengths and weaknesses and using that information to drive development of goals and objectives. CAP's plan emphasizes funding; resources, skill and youth development; public awareness; aerospace education; and institutional excellence.

Balloons and Gliders, Too

Civil Air Patrol also has two hot-air balloons and 49 gliders, including 10 TG-10Bs (L-23 Super Blanik) that recently modernized the existing fleet thanks to a generous transfer from the U.S. Air Force Academy. Balloons and gliders are used to introduce America's youth to nonpowered flight as part of CAP's cadet orientation flight program.



GIIEP's Full-Motion Video

The state-of-the-art communications and full-motion video capabilities of Geospatial Information Interoperability Exploitation Portable (GIIEP) Go-Kits significantly enhance CAP's technological savvy in performing homeland-security and disaster-relief missions. The technology allows aircrews to transmit photos in flight via cellular connection and to chat back and

forth with emergency operations center personnel to determine their specific needs in real time. CAP is also now fielding 117 new laptop computers that, when connected to Nikon D-90 cameras, can produce the same results as GIIEP Go-Kits. The computers allow CAP imagery to be live-streamed to emergency operations centers while the plane is still in flight and, in the process, provide limited full-motion video.

CAP offers opportunities for members to serve their communities, participate in leadership development training and acquire new skills that benefit personal and professional growth.



Sophisticated Aerial Photography

One hundred and fifty Nikon D-90 camera kits were distributed to units across the country in 2012, nearly doubling the number of cameras now used in the field to capture geotagged images that automatically document each photo's date and time; latitude, longitude and altitude; and, in some cases, the direction the photo was taken from. The camera kits streamline aircrews' ability to download photos to the U.S. Geological Survey's Hazards Data Distribution System (HDDS), which state, local and federal responders use to conduct impact assessments during natural and man-made disasters.

Glass-Cockpit Cessnas

CAP's aircraft fleet has a large number of advanced technology planes. CAP purchased 17 Cessna 182Ts and two turbo Cessna 206s — each equipped with glass cockpits and specialized mission equipment — in 2012. The organization's fleet of single-engine piston planes numbers an impressive 550, making it one of the largest air fleets in the world.





Surrogate Predator Program Expansions

Green Flag University was established to train new CAP aircrew personnel for Surrogate Predator exercises in Louisiana (Green Flag East) and Nevada (Green Flag West). About 150 crew members, like those in the photo, have participated to date. Aircraft used in the Surrogate Predator Program are equipped with a sensor ball under the left wing that allows the CAP plane to lock onto a target and track it in real-time using full-motion video — technology that has been highly touted as an effective and outstanding predeployment training tool by the Air Force, Army, Navy and Marine Corps. Further expansion of the program is being developed to support 1st Air Force/AFNORTH's DSCA (Defense Support for Civilian Authorities) disaster relief missions.



Digital Membership and Media Communications

Civil Air Patrol's national news website, VolunteerNow, averages more than 159,000 visits and 293,000 page views per month. The website, which features breaking news and top stories about CAP's units nationwide, can be found at www.capvolunteernow.com. For more in-depth news and information, the digital version of *Civil Air Patrol Volunteer* is available at this same address. The online magazine, which includes a seven-year archive, features video links to selected stories.

Social Media

Social media is CAP's fastest-growing public affairs platform, one the organization is pursuing with greater emphasis. CAP's Twitter account has exceeded 2,600 followers — a 26.5 percent increase in six months — and Facebook is reaching 5,000 to 10,300 visitors per week. Coupled with CAP's websites and blogs, these social media tools complement



National Headquarters' branding initiatives. They have helped increase CAP's profile among a vast constituency that tends not to engage with traditional media.



Improving the Ground Fleet

The total number of driven vehicles in CAP's ground fleet is 960. National Headquarters' replacement of the oldest vehicles over the past several years dropped the average age to eight years in 2012.

Communications Network Enhancements

CAP's communications network includes more than 4,500 mobile, 3,100 portable and 2,000 fixed radios. Part of a recent multimillion-dollar communications upgrade,

the narrowband radios include a digital repeater network, making it easier for CAP aircrews and ground teams across America to respond to emergencies. The network is available for U.S. Department of Defense use when required.

CAP's extensive VHF and HF communications network allows 24/7 communications nationwide during disasters, regardless of cell tower or satellite infrastructure, which could be affected by the crisis. Recent national HF network upgrades include new equipment, new

networks, new procedures and a new command and control mission. Other improvements include installation of next-generation HF Automatic Link Establishing (ALE) equipment in 100 CAP vehicles, which has dramatically increased HF reliability and availability.

CAP e-Learning

Civil Air Patrol's Learning Management System (LMS) offers world-class professional development education and training to cadets and senior members



24/7. The LMS contains more than 140 courses and quizzes members have accessed more than 70,000 times to complete training since the system became fully operational on Oct. 1, 2012. All successful training and education course completions are automatically recorded in the membership database in real-time and reflected in members' records.

COMMUNITY SERVICE

Units throughout CAP, like the Joe Walker Middle School Cadet Squadron in Quartz Hill, Calif., make giving back to their communities a priority. Cadets like Cadet Airman Rafael Ortega helped restore an F-100 for display at the William J. "Pete" Knight Veterans Home of California, where they also enjoy visiting the veterans in residence and showing appreciation for their service.



Air Shows and More

CAP's public-spirited squadrons take pride in supporting logistics for popular events such as air shows by assisting with traffic and crowd control, searching for flight line debris that may cause damage to aircraft and performing other vital tasks. Frequently, their efforts gain them behind-the-scenes access to special guests like retired U.S. Air Force Lt. Col. Leo Gray, a Tuskegee Airman in attendance at the Collings Foundation's Wings of Freedom tour stop in Boca Raton, Fla. On the other side of the U.S., cadets and officers from the Hawaii Wing's 66th and Wheeler composite squadrons were introduced to U.S. Navy Blue Angels pilots after the 2012 Kaneohe Bay Airshow.



CAP members' contributions to their communities encompass a wide range of services, including displays of respect, patriotism and overall dedication to helping improve their fellow residents' quality of life



Wreaths Across America

Every year, squadrons in all 52 CAP wings solicit sponsorships for evergreen wreaths, which on a designated Saturday in December are placed at 420,000 veterans' gravesites and monuments at more than 825 cemeteries and memorial sites in all 50 states as well as more than 20 foreign countries. During these Wreaths Across America observations CAP members pay tribute to Americans who paid the ultimate price in service of their country. CAP's Wreaths Across America reach now includes evergreen exchanges with Canada coordinated by the Alaska, Maine, Michigan and Montana wings.





Diverse Outreach

Sharing CAP's accomplishments and missions with the public can bring the organization's members together with diverse audiences. When Cadet Airman Roman Leone of the Florida Wing's St. Augustine Composite Squadron accompanied his unit's deputy commander for cadets to a luncheon meeting at the St. Johns County Aging Council at Trout Creek, he was delighted at the chance to make the acquaintance of a number of senior citizens in attendance. "It was so much fun to see their expressions and how they wanted to shake my hand," the cadet said afterward.

The cadet program has grown by 25 percent over the past four years, from 21,000 cadets in 2008 to 26,384 in 2012.



National Exposure

CAP squadrons across the U.S. are routinely invited to present the American flag at high-profile events ranging from conventions and conferences to legislative sessions, Memorial Day and Veterans Day ceremonies, sporting events, military changes of command, funerals and celebrations heralding the return of heroes from deployment overseas. Presenting the colors enables young CAP members to exhibit their professionalism and patriotism before thousands or even, during televised athletic contests, millions of impressed onlookers.



Pilot's Choice Award

CAP's value as a member of and contributor to the aviation community has been recognized since 2010 with the Lightspeed Aviation Foundation's Pilot's Choice Award. This year CAP is again a finalist for a foundation grant, as determined by a vote of aviation enthusiasts. CAP received \$10,000 grants from the foundation in 2010, 2011 and 2012.



Multifaceted Service

CAP members' efforts to make a difference in their communities are by no means confined to aviation-related endeavors. In North Carolina, for instance, the Franklin County Composite Squadron makes a point of helping maintain a one-mile stretch of road near Triangle North Executive Airport, site of the unit's weekly meetings, as a participant in the state's Adopt-A-Highway Program.

Meeting the Public

In Wisconsin, officers with Door County Senior Squadron were on hand in Sturgeon Bay to help enhance visitors' enjoyment of the third annual Emergency Services Day at Door County Cherryland Airport. CAP members let members of the public try their hands at piloting a Cessna 182 via the squadron's flight simulator and sit in the cockpit of the real thing, providing a special thrill for youngsters in attendance.



Drug Demand Reduction

Through its Drug Demand Reduction program, CAP is dedicated to helping educate the nation's youth about the importance of living a drug-free lifestyle. The organization's efforts include classroom education, participation in the nationwide Red Ribbon Week campaign every October and appearances at public events like community fairs and air shows to spread the message. The antidrug program's mascot, Cadet Ken, is a popular attraction at these activities.



Legislative Day

A detailed report of each wing's performance in carrying out its congressionally mandated missions of emergency services, cadet programs and aerospace education was presented to lawmakers in one-on-one meetings with CAP commanders during the organization's annual Legislative Day. Among those receiving visitors was Pedro Pierluisi, resident commissioner of Puerto Rico to Congress.

GOVERNANCE



The Civil Air Patrol Board of Governors is the organization's governing body. The board's 11 distinguished members are leaders in their own right, drawn from the ranks of CAP volunteers — who have careers in a cross-section of America's workforce — along with U.S. Air Force officers and civilians involved in the fields of education, aviation and emergency management. Board members move the organization forward through collective decision-making that generates strategic policies, plans and programs designed to guide CAP now and in the future.



Brig. Gen. Richard L. Anderson, CAP Chairman

CAP/Air Force/Aviation background:

Secretary, CAP National Advisory Council
Former CAP National Commander
(1993-1996)
Former National President, Spatz
Association
CAP Command Pilot with 2,100 flying hours
Federal Aviation Administration commercial
pilot certificate
30 years of Air Force service in Missile/
Space Operations and Political-Military/
International Affairs

Career:

Representative, 51st House District, Virginia
General Assembly; elected 2009
Colonel, U.S. Air Force (Ret)

AIR FORCE-APPOINTED MEMBERS:



**Maj. Gen. John M. Speigel,
USAF (Ret)
Vice Chairman**

***CAP/Air Force/Aviation
background:***

Numerous Air Force technical and command positions

Air Force long-range planning, including Airlift Master Plan and Total Force Plan

Career:

Partner, Strategy and Transformation, IBM Global Business Solutions

Director, DoD Human Capital Deloitte Consulting, Washington, D.C.

Major General, U.S. Air Force, with most recent service as Director of Personnel Policy, Deputy Chief of Staff for Personnel, Headquarters U.S. Air Force. Commanded at every level of Air Force, including service at Pentagon



**William A. Davidson Jr.,
USAF (Ret)**

***CAP/Air Force/Aviation
background:***

22 years of Air Force service, primarily as officer in security and investigative programs

21 years as member of Senior Executive Service, working as Air Force's senior career Civilian Advisor to Secretary of Air Force

Career:

Administrative Assistant to Secretary of Air Force, Headquarters U.S. Air Force, Washington, D.C.

Former Deputy Administrative Assistant, Headquarters U.S. Air Force.

Former Air Force Officer with service as Air Force Office of Special Investigations Agent and Chief of Air Force Polygraph Program

Colonel, U.S. Air Force, with service as Deputy for Security and Investigative Programs, Headquarters U.S. Air Force



**Lt. Gen. Stanley E.
Clarke III, USAF**

***CAP/Air Force/Aviation
background:***

Numerous Air Force command positions

Air Force Command Pilot with more than 4,000 flight hours in T-38, C-26, A-10 and F-16 aircraft, including more than 100 combat hours

Career:

Lieutenant General, U.S. Air Force, serving as first three-star Commander of Continental Region, North American Aerospace Defense Command (NORAD) and 1st Air Force and Air Forces Northern (USNORTHCOM)

Former service includes Senior Defense Official and Defense Attaché, Office of Defense Cooperation Turkey, U.S. European Command, and Military Assistant Deputy Chief of Staff, Strategic Plans and Programs, Headquarters U.S. Air Force, Washington, D.C.



Brig. Gen. Leon A. Johnson, USAF (Ret)

CAP/Air Force/Aviation background:

Numerous Air Force technical and command positions

Air Force Command Pilot with more than 3,500 hours of military flight time in T-37 trainer and A-37 and A-10 fighter aircraft, including missions over Bosnia in support of Operation Deny Flight

More than 3,500 hours of flight time as commercial pilot

National President – Tuskegee Airmen Inc.
Former CAP Cadet Colonel in California Wing; selected for International Air Cadet Exchange program

Career:

Retired from United Parcel Service after nearly 20 years of service as Flight Operations Employment Manager, Administrative Chief Pilot, Asia Chief Pilot, Flight Operations Employee Relations Manager, A300 Training Manager and Manager of Airline Manuals.

Former Trans World Airlines Line Pilot and Pilot Hiring Manager

Brigadier General, U.S. Air Force, with most recent service as Mobilization Assistant to Assistant Secretary of Air Force for Manpower and Reserve Affairs and Mobilization Assistant to AETC Director of Operations

OTHER CIVIL AIR PATROL-APPOINTED MEMBERS:



Maj. Gen. Charles L. Carr Jr., CAP

CAP/Air Force/Aviation background:

National Commander and CEO of Civil Air Patrol, with previous service as National Vice Commander, Great Lakes Region Commander and Ohio Wing Commander, as well as Group Commander and Squadron Commander

CAP Pilot with instrument rating
Master rating in CAP's Personnel and Finance professional development specialty tracks

Career:

Owner of ABC Academy Daycare Center in Columbus, Ohio

More than 17 years in retail sales and management

Master Sergeant, Superintendent of Security Police, U.S. Air Force (Ret)



Lt. Col. Edward F. Lee, CAP

CAP/Air Force/Aviation background:

Major, Army National Guard (Ret)
National Cadet Advisor, with long list of previous CAP service, especially with Cadet Programs, including Director of Civic Leadership Academy, Cadet Officer School Faculty Member and extensive work with Drug Demand Reduction Program

Gen. Carl A. Spaatz Award, highest honor for cadets

Career:

Supervising Judge, California Superior Court, Santa Clara County
California Army National Guard, called to active duty after Sept. 11 attacks and served in Panama, Ukraine and Japan
Former Police Detective



Brig. Gen. Joseph R. Vazquez, CAP

CAP/Air Force/Aviation background:

CAP National Vice Commander, preceded by long list of previous CAP service, including Middle East Region Commander, National Operations Advisor and Virginia Wing Commander
CAP Command Pilot with 3,150 flying hours

Flight Instructor and Check Pilot
CAP Incident Commander

Career:

Retired in 2010 as Operations Manager of Computer Sciences Corporation's North American Service Restoration Team

Former Software Engineer with E.I. Dupont



INDUSTRY, GOVERNMENT & EDUCATION-APPOINTED MEMBERS:



Paul L. Graziani

CAP/Air Force/Aviation background:

Software Developer – analysis software for land, sea, air and space
Board Director:
-PASSUR Aerospace
-U.S. Geospatial Intelligence Foundation
-Federation of Galaxy Explorers
Life Director, Space Foundation
Former member of Board of Governors, Aerospace Industries Association; Associate Fellow, American Institute of Aeronautics and Astronautics

Former Member, Penn State Great Valley Advisory Board

Career:

CEO and Co-Founder, Analytical Graphics Inc.



Maj. Gen. Susan Pamerleau, USAF (Ret)

CAP/Air Force/Aviation background:

Director, Personnel Force Management, U.S. Air Force, Pentagon
Commander, Air Force Personnel Center, Randolph AFB, Texas
Commandant, Air Force ROTC, Maxwell AFB, Ala.
Chief, Resource Allocation Division, U.S. Air Force, Pentagon
Chief of Staff, Plans and Policy Division, International Military Staff, NATO, Brussels, Belgium
Federal Aviation Administration private pilot license

Career:

Director, Government Personnel Mutual Life Insurance Co.
Senior Executive (Ret), United Services Automobile Association (USAA)
Director/Trustee on various boards, including Air Force Aid Society, Arnold Air Society and Silver Wings and University of Wyoming Foundation Board



Brig. Gen. S. Sanford Schlitt, USAF (Ret)

CAP/Air Force/Aviation background:

Founder of CyberPatriot, Air Force Association's national high school cyber defense competition
Former Air Force Association Chairman of Board for Aerospace Education and Chairman of Aerospace Education Council

Career:

Chairman of Air Force Association Board of Directors
Senior Managing Director of mortgage investment trust, with other private business ventures, including startups
Chairman or Member of executive committee and committees on governance, audit and finance for several nonprofit and for-profit entities
Former Member of Boards of Directors of several nonprofits and for-profit entities, including NASDAQ-listed firm
Senate Staff Member for U.S. Sens. Hubert H. Humphrey and Walter Mondale
Candidate for U.S. Congress, 1980



**Don R. Rowland
Executive Secretary/Chief
Operating Officer, Civil Air Patrol**

CAP/Air Force/Aviation background:

Lieutenant Colonel, U.S. Air Force (Ret)
Rated pilot with 3,400 flying hours
Helicopter Pilot in Pacific
Background in search and rescue and aircraft system acquisitions

Career:

28 years at CAP National Headquarters, including service as Executive Director, CAP-USA IG, Senior Director, Director of Plans and Requirements and Director of Strategic Communications and Plans
U.S. Air Force, both as Pilot and position in System Requirements for Special Operations at Scott AFB, Ill.
U.S. Coast Guard Exchange

FINANCIAL STATEMENT



Independent Auditors' Report

To the Board of Governors
Civil Air Patrol
Maxwell Air Force Base, Alabama

We have audited the accompanying statement of financial position of Civil Air Patrol (a nonprofit organization) as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Civil Air Patrol's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from Civil Air Patrol's 2011 financial statements and, in our report dated June 6, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Civil Air Patrol as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated April 3, 2013, on our consideration of Civil Air Patrol's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



Montgomery, Alabama
April 3, 2013

CIVIL AIR PATROL

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2012

(WITH COMPARATIVE INFORMATION AS OF SEPTEMBER 30, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,229,424	\$ 12,836,443
Short-term investments	5,566,598	4,850,206
Accounts, grants and loans receivable	2,483,215	4,335,923
Inventories	202,953	159,992
Prepaid expenses	<u>348,625</u>	<u>351,481</u>
Total current assets	<u>22,830,815</u>	<u>22,534,045</u>
NONCURRENT ASSETS		
Cash - restricted	1,721,703	1,983,680
Long-term investments	302,398	358,840
Unconditional promises to give	7,299,658	4,739,968
Property and equipment, net of accumulated depreciation	<u>85,038,682</u>	<u>83,152,785</u>
Total noncurrent assets	<u>94,362,441</u>	<u>90,235,273</u>
TOTAL ASSETS	<u>\$ 117,193,256</u>	<u>\$ 112,769,318</u>

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,635,257	\$ 2,952,634
Current maturities of long-term debt	6,580	6,135
Deferred revenue	<u>801,460</u>	<u>308,278</u>
Total current liabilities	<u>3,443,297</u>	<u>3,267,047</u>
NONCURRENT LIABILITIES		
Noncurrent maturities of long-term debt	<u>14,503</u>	<u>21,082</u>
TOTAL LIABILITIES	<u>3,457,800</u>	<u>3,288,129</u>
NET ASSETS		
Unrestricted:		
Undesignated	21,002,041	21,774,071
Board designated	<u>5,299,590</u>	<u>3,616,369</u>
	26,301,631	25,390,440
Temporarily restricted	87,300,252	83,996,037
Permanently restricted	<u>133,573</u>	<u>94,712</u>
Total net assets	<u>113,735,456</u>	<u>109,481,189</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 117,193,256</u>	<u>\$ 112,769,318</u>

See independent auditors' report and notes to financial statements.

CIVIL AIR PATROL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2011)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS	
				2012	2011
OPERATING REVENUES AND OTHER SUPPORT					
Governmental appropriations and grants	\$ 30,111,779	\$ 8,463	\$ -	\$ 30,120,242	\$ 30,017,502
Other program revenue	1,799,758	1,447,130	-	3,246,888	3,548,248
Membership dues	2,488,609	-	-	2,488,609	3,076,925
Governmental contributions	5,926,473	13,428,105	-	19,354,578	13,497,025
Contributions	1,649,895	114,274	30,300	1,794,469	1,989,770
Fundraising	1,237,574	-	-	1,237,574	1,169,035
Registration fees and events	926,912	305	-	927,217	828,273
Publications and advertising	40,186	-	-	40,186	30,793
Sale of materials, supplies and surplus property	153,800	-	-	153,800	153,648
Interest income	55,292	604	1,311	57,207	48,907
Investment income	218,626	23,537	7,250	249,413	222,214
Other	960,065	87	-	960,152	914,520
Net assets released from restrictions	11,981,189	(11,981,189)	-	-	-
Total operating revenues and other support	57,550,158	3,041,316	38,861	60,630,335	55,496,860
OPERATING EXPENSES					
Program services:					
Aerospace education and training	3,413,957	-	-	3,413,957	3,464,496
Cadet programs	7,156,681	-	-	7,156,681	6,849,586
Communication maintenance	960,826	-	-	960,826	1,008,056
Counterdrug	588,572	-	-	588,572	594,884
Drug demand reduction	630,204	-	-	630,204	629,935
Emergency services	23,958,716	-	-	23,958,716	22,710,154
Total program services	36,708,956	-	-	36,708,956	35,257,111
Supporting services:					
Fundraising	452,511	-	-	452,511	351,221
Management and general	13,948,928	-	-	13,948,928	14,194,033
Membership development	5,899,744	-	-	5,899,744	5,889,159
Strategic communications	180,049	-	-	180,049	176,452
Total supporting services	20,481,232	-	-	20,481,232	20,610,865
Total operating expenses	57,190,188	-	-	57,190,188	55,867,976
Change in net assets from operations	359,970	3,041,316	38,861	3,440,147	(371,116)

See independent auditors' report and notes to financial statements.

CIVIL AIR PATROL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2011)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>	
				<u>2012</u>	<u>2011</u>
NONOPERATING GAINS AND LOSSES					
Gain on disposition of property and equipment	\$ 65,000	\$ 261,814	\$ -	\$ 326,814	\$ 274,854
Net unrealized and realized gain (loss) on investments	<u>486,221</u>	<u>1,085</u>	<u>-</u>	<u>487,306</u>	<u>(306,966)</u>
Total nonoperating gains and losses	<u>551,221</u>	<u>262,899</u>	<u>-</u>	<u>814,120</u>	<u>(32,112)</u>
CHANGE IN NET ASSETS	911,191	3,304,215	38,861	4,254,267	(403,228)
NET ASSETS AT BEGINNING OF YEAR	<u>25,390,440</u>	<u>83,996,037</u>	<u>94,712</u>	<u>109,481,189</u>	<u>109,884,417</u>
NET ASSETS AT END OF YEAR	<u>\$ 26,301,631</u>	<u>\$ 87,300,252</u>	<u>\$ 133,573</u>	<u>\$ 113,735,456</u>	<u>\$ 109,481,189</u>

CIVIL AIR PATROL

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2012 (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2011)

	Program Services					
	Aerospace Education and Training	Cadet Programs	Communication Maintenance	Counterdrug	Drug Demand Reduction	Emergency Services
Advertising	\$ 1,664	\$ 2,215	\$ 332	\$ 555	\$ 222	\$ 3,324
Aircraft maintenance	24,348	87,832	-	36,773	-	5,346,553
Awards	98,659	137,940	-	-	-	-
Bad debts	-	-	-	-	-	38,420
Bank and credit card expense	-	-	-	-	-	-
Cadet activities	-	2,789,522	-	-	1,271	129,471
Conference	114,270	160,053	22,508	37,514	15,005	231,156
Contingency	-	1,211	-	-	-	-
Cost of goods sold	35,894	143,575	-	-	-	-
Depreciation	45,118	60,160	10,092	15,039	6,017	7,149,699
Equipment maintenance	57,386	120,015	239,913	19,130	7,651	114,813
Facility maintenance	1,058,752	1,357,939	275,118	325,078	130,030	2,271,890
Fundraising events	-	-	-	-	-	-
Insurance	9,971	13,294	1,995	3,324	1,330	19,943
Interest expense	-	-	-	-	-	-
IT expense	1,386	1,848	277	461	184	2,771
Legal and accounting	-	-	-	-	-	-
Lobbying	-	-	-	-	-	-
Maintenance and equipment rental	48,685	-	16,017	-	-	96,112
Miscellaneous	2,113	2,874	423	705	281	8,233
Mission support	6,692	-	-	12,839	-	5,356,259
Payroll taxes and benefits	194,499	96,926	60,583	3,555	18,335	183,722
Professional services	187,547	33,635	-	-	8,508	212,422
Professional development	89,277	12,107	263	-	2,645	1,884
Postage	10,586	88,170	22,858	3,530	11,841	21,232
Printing and publications	4,918	6,556	983	1,640	655	9,836
Procurement	-	-	-	-	-	2,434
Salaries	859,551	476,998	232,502	21,355	53,224	988,138
Senior activities	161,324	-	-	-	-	40,707
Supplies	144,409	944,962	30,839	35,211	332,696	879,152
Telephone	68,077	90,769	13,615	22,693	9,077	156,630
Travel	106,974	418,937	15,176	21,884	20,318	507,618
Vehicle maintenance	81,857	109,143	17,332	27,286	10,914	186,297
	<u>\$ 3,413,957</u>	<u>\$ 7,156,681</u>	<u>\$ 960,826</u>	<u>\$ 588,572</u>	<u>\$ 630,204</u>	<u>\$ 23,958,716</u>

	Supporting Services				Totals	
	Fundraising	Management and General	Member Services	Strategic Communications	2012	2011
Advertising	\$ -	\$ 14,278	\$ 19,144	\$ 5,956	\$ 47,690	\$ 42,970
Aircraft maintenance	-	-	-	-	5,495,506	4,995,882
Awards	2,000	5,316	15,534	-	259,449	247,610
Bad debts	-	7,059	1,360	-	46,839	-
Bank and credit card expense	-	30,475	-	-	30,475	30,207
Cadet activities	-	21,131	-	-	2,941,395	2,796,132
Conference	-	238,803	268,307	99	1,087,715	1,091,250
Contingency	-	-	-	-	1,211	17,410
Cost of goods sold	-	33,613	-	-	213,082	144,835
Depreciation	-	2,501,485	15,039	-	9,802,649	9,773,089
Equipment maintenance	-	108,386	19,130	-	686,424	894,628
Facility maintenance	5,170	1,788,812	547,940	-	7,760,729	7,677,861
Fundraising events	290,514	-	-	-	290,514	279,674
Insurance	-	1,718,510	3,324	-	1,771,691	1,735,804
Interest expense	-	2,428	-	-	2,428	2,447
IT expense	-	1,868	461	-	9,256	-
Legal and accounting	-	287,800	-	-	287,800	311,476
Lobbying	6,810	-	-	-	6,810	6,928
Maintenance and equipment rental	-	88,316	-	-	249,130	413,798
Miscellaneous	-	150,261	2,492	-	167,382	150,835
Mission support	-	282	-	-	5,376,072	5,480,606
Payroll taxes and benefits	22,236	834,086	823,459	-	2,237,401	2,233,545
Professional services	4,891	695,015	198,422	-	1,340,440	1,253,483
Professional development	656	104,571	7,374	-	218,777	187,714
Postage	4,093	106,588	12,806	-	281,704	271,662
Printing and publications	-	11,762	1,640	172,664	210,654	210,867
Procurement	-	-	-	-	2,434	-
Salaries	109,110	3,536,782	3,354,308	-	9,631,968	9,707,573
Senior activities	-	23,572	-	-	225,603	200,759
Supplies	20	596,722	75,053	150	3,039,214	2,305,504
Telephone	-	166,813	447,745	-	975,419	948,754
Travel	7,011	744,586	58,920	1,180	1,902,604	1,867,126
Vehicle maintenance	-	129,608	27,286	-	589,723	587,547
	<u>\$ 452,511</u>	<u>\$ 13,948,928</u>	<u>\$ 5,899,744</u>	<u>\$ 180,049</u>	<u>\$ 57,190,188</u>	<u>\$ 55,867,976</u>

See independent auditors' report and notes to financial statements.

CIVIL AIR PATROL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

(WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2011)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,254,267	\$ (403,228)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,802,649	9,773,089
Net unrealized and realized (gain) loss on investments	(487,306)	306,966
Gain on disposition of property and equipment	(326,814)	(274,854)
Contributed property and equipment	(16,363)	(196,315)
Changes in operating assets and liabilities:		
Accounts, grants and loans receivable	1,852,708	(236,382)
Prepaid expenses	2,856	20,705
Inventories	(42,961)	45,568
Unconditional promises to give	(2,559,690)	3,142,785
Accounts payable and accrued expenses	(317,377)	(462,286)
Deferred revenue	493,182	(90,509)
Net cash provided by operating activities	<u>12,655,151</u>	<u>11,625,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	396,313	361,759
Purchase of property and equipment	(11,741,682)	(11,638,026)
Proceeds from sale of investments	2,535,470	1,671,606
Purchase of investments	<u>(2,708,114)</u>	<u>(2,522,331)</u>
Net cash used by investing activities	<u>(11,518,013)</u>	<u>(12,126,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of borrowings	(6,134)	(5,729)
Release of contractually restricted cash	<u>261,977</u>	<u>85,347</u>
Net cash provided by financing activities	<u>255,843</u>	79,618
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,392,981	(421,835)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>12,836,443</u>	<u>13,258,278</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 14,229,424</u>	<u>\$ 12,836,443</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 2,428</u>	<u>\$ 2,447</u>

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Civil Air Patrol (the "Organization" or "CAP"), a civilian auxiliary of the United States Air Force (USAF), is a private nonprofit corporation chartered July 1, 1946, under federal law. Civil Air Patrol's principal activities are to provide voluntary contributions of private citizens, and adequate facilities to assist in meeting local and national emergencies, to promote aerospace education and training, and to provide a cadet training and motivation program. The Organization's activities are supported primarily by governmental appropriations, contributions and grants, membership dues, and program fees.

CAP is organized into eight geographic regions. These regions are subdivided into Wings by the states falling within their boundaries. Additionally, the District of Columbia and Commonwealth of Puerto Rico have CAP Wings. These 52 Wings are then subdivided into groups depending upon size.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis, and include the accounts and financial transactions of the National Headquarters and the Regions, Wings and Units below Wing level of Civil Air Patrol. All material transactions between the divisions of the Organization have been eliminated.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions are recorded at their fair value in the period received.

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates in these statements include useful lives for depreciation, contributed facilities and allocation of expenses by function. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Total advertising costs expensed for the year ended September 30, 2012, were \$47,690.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude temporarily and permanently restricted cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets in the statement of activities as nonoperating gains and losses. Investment income reported as operating revenues consists of interest and dividend income from investments. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounts, Grants and Loans Receivable

Accounts, grants and loans receivable consist primarily of amounts due from members, CAP organizations and governmental agencies, related to exchange transactions with those parties.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables.

Inventories

Inventories for use and sale are stated at the lower of cost or market, with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost or, if contributed, at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over the estimated useful lives of the asset. It is the Organization's policy to capitalize property and equipment with a fair value or cost over \$5,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the Organization earn and accrue annual leave. The cumulative amount of unused annual leave is included in accounts payable and accrued expenses in the statement of financial position.

Deferred Revenue

Deferred revenue includes advance payments of membership dues and fees. Dues are considered exchange transactions and are recorded as revenues in the applicable membership period.

Income Tax Status

CAP has received notification from the Internal Revenue Service recognizing it as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, certain types of income may be subject to tax from unrelated business income as defined by the tax code. The accompanying financial statements include a provision for estimated taxes on 2012 unrelated business income in the amount of \$11,552.

As of September 30, 2012, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements and no interest and penalties related to income taxes. CAP has filed its tax returns through September 30, 2012. The tax returns of the Organization for years ended September 30, 2008, and thereafter are subject to audit by the taxing authorities.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as unrestricted.

Contributions of utilities and use of long-lived assets are recorded at fair rental value, and contributed materials for use are recorded at fair value.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Fair Value Measurement***

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent Events

Management has evaluated subsequent events through April 3, 2013, which is the date the financial statements were available to be issued.

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

2. CASH

Cash which has been either restricted by the donor or designated by the governing board of the Organization is presented below:

Contractually restricted by the USAF for:

Future aircraft maintenance, modernization and procurement	\$ 1,211,758
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Restricted by donors for:

Cadet scholarships and activities	218,334
Aerospace scholarships and activities	7,132
Construction of facility	188,680
Other activities	<u>95,799</u>

Total restricted cash	<u>1,721,703</u>
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Designated by the governing board for:

Cadet scholarships and activities	180,108
Facility maintenance	42,629
Other activities	<u>227,454</u>

Total designated cash	<u>450,191</u>
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Cash unrestricted and not designated	<u>13,779,233</u>
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Total cash	<u>\$ 15,951,127</u>
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Statement of financial position presentation:

Cash and cash equivalents	\$ 14,229,424
Cash – restricted	<u>1,721,703</u>

Total	<u>\$ 15,951,127</u>
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3. INVESTMENTS

Investments are presented at fair market value. Below is a summary of investments by major types:

Annuities	\$ 70,060
Corporate bonds	112,712
Mutual funds	5,298,589
Real estate investment trusts	<u>387,635</u>

Total	<u>\$ 5,868,996</u>
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CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

3. INVESTMENTS (Continued)

The composition of the return on investments is as follows:

Investment income	\$ 188,029
Net unrealized and realized gain on investments	<u>571,059</u>
Total	<u>\$ 759,088</u>

Investments which have been either restricted by the donor or designated by the governing board of the Organization are presented below:

Description	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Restricted by donors:			
Clara Livingston Fund	\$ 159,422	\$ 4,534	\$ 163,956
Historical Fund	2,108	114	2,222
Wirschafter	9,929	228	10,157
Wing and Region investments restricted for cadet scholarships and aerospace education	<u>216,230</u>	<u>4,050</u>	<u>220,280</u>
	<u>387,689</u>	<u>8,926</u>	<u>396,615</u>
Designated by the governing board:			
Reserve investments	3,823,068	260,914	4,083,982
Scholarship Fund	<u>818,578</u>	<u>(53,161)</u>	<u>765,417</u>
	<u>4,641,646</u>	<u>207,753</u>	<u>4,849,399</u>
Investments unrestricted and undesignated	<u>618,235</u>	<u>4,747</u>	<u>622,982</u>
Total	<u>\$ 5,647,570</u>	<u>\$ 221,426</u>	<u>\$ 5,868,996</u>
Statement of financial position presentation:			
Short-term investments			\$ 5,566,598
Long-term investments			<u>302,398</u>
Total			<u>\$ 5,868,996</u>

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

3. INVESTMENTS (Continued)

Investments have been restricted for the following specific purposes:

Clara Livingston Fund – Investments restricted for the Cadet Program.

Historical Fund – Investments restricted to defray costs of the historical committee.

Wirschafter Fund – Investments restricted for cadet scholarships.

The governing board has designated unrestricted investments for the following specific purposes:

Reserve Investments – Reserve investments are intended for use only in cases of extreme emergency and only when approved by a resolution of three-fourths of the National Executive Committee.

Scholarship Fund – Investments designated in a quasi-endowment sense to provide cadet scholarships.

4. ACCOUNTS, GRANTS AND LOANS RECEIVABLE

Accounts, grants and loans receivable are due from the following:

USAF	\$ 1,860,144
Others	<u>623,071</u>
Total	<u>\$ 2,483,215</u>

5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due in less than one year and consist of the following:

Restricted unconditional promises to give:

Restricted for the purchase of aircraft and vehicles	<u>\$ 7,299,658</u>
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As of September 30, 2012, the Organization received from the USAF conditional promises to give of \$338,646 that are not recognized as assets in the statement of financial position. The promises are conditioned upon the Organization entering into legally binding USAF approved purchase orders for equipment.

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

6. INVENTORIES

Inventories for use and sale consist of the following:

Educational materials	\$ <u>202,953</u>
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7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 90,400
Building and improvements	7,441,546
Aircraft	130,568,137
Computers	2,317,520
Vehicles	23,088,332
Office furniture and equipment	146,229
Building under capital lease	253,148
Communication and other equipment	19,919,453
Construction in progress	388,553
Deposits on aircraft	540,000
Equipment not placed into service	<u>2,249,134</u>
	187,002,452
Accumulated depreciation	<u>101,963,770</u>
Net property and equipment	\$ <u>85,038,682</u>

As of September 30, 2012, improvements with a book value of \$202,979 have been made to leased facilities. These improvements are located at the Virginia Wing and North Carolina Wing in the amounts of \$94,577 and \$108,422, respectively.

Depreciation expense for the period ending September 30, 2012	\$ <u>9,802,649</u>
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Property and equipment donated directly or indirectly by the Department of Defense (DOD) can only be used for mission accomplishment, must be kept a minimum of one year before disposal action, and must be returned to the donor unless a waiver is granted, or unless the equipment is classified by the donor as nonreturnable.

Property and equipment purchased with funding from the DOD is restricted for mission support. Disposition of these assets requires approval and instructions from CAP USAF. As of September 30, 2012, property and equipment restricted for specific purposes amounted to \$173,680,873, less accumulated depreciation of \$95,939,840, resulting in a balance of \$77,741,032.

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are scheduled as follows:

Accrued payroll and payroll taxes	\$ 1,299,492
Vendor payables	<u>1,335,765</u>
Total	<u>\$ 2,635,257</u>

9. DEFERRED REVENUE

Deferred revenue is detailed as follows:

Prepaid membership dues	\$ 673,703
Other	<u>127,757</u>
Total	<u>\$ 801,460</u>

10. NOTE PAYABLE

The Organization has a note payable secured by a building with a book value of \$426,617. The note has an interest rate of 6.95% with monthly payments of \$653, and matures on September 30, 2015.

Total obligations	\$ 21,083
Less current maturities of long-term debt	<u>6,580</u>
Noncurrent maturities of long-term debt	<u>\$ 14,503</u>

The future scheduled maturities of long-term debt are as follows:

Years ending September 30:	
2013	\$ 6,580
2014	7,052
2015	<u>7,451</u>
Total	<u>\$ 21,083</u>

Total interest expense related to the above note is \$1,257 for the year ended September 30, 2012.

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

11. NET ASSETS***Unrestricted Net Assets - Designated***

The governing board has designated unrestricted net assets for:

Reserve funds	\$	4,311,436
Scholarships		808,046
Other		<u>180,108</u>
Total	\$	<u>5,299,590</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

Aerospace education activities:		
Scholarships	\$	905
Other		58,427
Cadet program activities:		
Scholarships		301,841
Other		109,183
Other general activities:		
Subsequent years' use of property, equipment and inventories		81,204,272
Support, maintenance and modernization of aircraft fleet		5,300,201
Other		<u>325,423</u>
Total	\$	<u>87,300,252</u>

Permanently Restricted Net Assets

Permanently restricted net assets are restricted for:

Scholarships	\$	108,300
Other		<u>25,273</u>
Total	\$	<u>133,573</u>

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

12. OPERATING LEASES

The Organization conducts a portion of its activities from leased facilities. Land, storage, office and hangar space is leased under operating leases ranging from month-to-month periodic leases to fifty (50) year term leases, expiring at various dates up to 2027. Many of these operating leases require no rental payments, or payments at less than fair rental value. Some of these leases have options to renew with automatic increases in rental payments, while other leases may be canceled during the lease term. Also, a facility is leased from a governmental municipality with a lease term (including automatic renewals) expiring in 2044. The Organization also leases various other equipment which is classified as operating leases. The majority of the leases require the Organization to pay taxes, insurance, and repairs and maintenance. In most cases, management expects that, in the normal course of activities, leases will be renewed or replaced by other leases.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 2012:

Years ending September 30:

2013	\$ 128,681
2014	118,651
2015	<u>72,000</u>
	<u>\$ 319,332</u>

Total rental expense for all operating leases is \$245,471 for the year ended September 30, 2012.

13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions are summarized as follows:

Satisfaction of purpose restrictions	\$ 2,541,071
Expiration of time restrictions	<u>9,440,118</u>
Total	<u>\$ 11,981,189</u>

CIVIL AIR PATROL

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

14. EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) and defined contribution plan for the benefit of its employees, substantially all of whom are eligible to participate after meeting minimum qualifying standards. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Code limits. The Organization may contribute a discretionary amount to the plan with immediate vesting. Organization contributions to the plan were \$384,042 for the year ended September 30, 2012, and are included in payroll taxes and benefits in the statement of functional expenses.

15. RELATED PARTY TRANSACTIONS

Civil Air Patrol is an auxiliary of the USAF. The USAF can significantly influence the management and operating policies of the Organization by the restrictions on its contributions and contractual restrictions placed on exchange transactions. Accordingly, the USAF is a party related to the Organization. The Organization conducts emergency missions authorized by the USAF and receives reimbursement as an exchange transaction. Additionally, the Organization receives contributions of property, equipment, and use of facilities and utilities at no charge from the USAF to enable the Organization to continue programs and activities.

A description of significant related party transactions with amounts is presented below:

Transactions Providing Revenue:

From the USAF for:

Governmental appropriations	\$ 28,565,504
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Contributions for:

Use of facilities and utilities	2,095,321
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Property, equipment and inventories	<u>13,422,978</u>
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Total	<u>\$ 44,083,803</u>
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Transactions Incurring Expenses:

Expenses with the USAF for:

Facilities	<u>\$ 2,095,321</u>
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16. CONTINGENCIES AND COMMITMENTS

Legal Proceedings

There were legal proceedings against the Organization that arose in the normal course of business. While it is not feasible to predict or determine the outcome of these cases, the majority of these potential legal damages are adequately covered by insurance or by adequate defenses. It is the opinion of management that the outcome will not have a material adverse effect on the financial position of the Organization.

Self-Insured Accident Benefits

The Organization has established self-insured accident coverage for its senior and cadet members which provides benefits in the event of injuries or death incurred on authorized CAP activities. The benefits have been set at \$10,000 for accidental death, and \$8,000 per accident for medical expenses. Management has not arrived at an estimate of this risk retention exposure. Accordingly, no provision for liability has been established in the accompanying financial statements. Management believes exposure not to be significant at September 30, 2012.

17. FAIR VALUE MEASUREMENTS

The level of an asset or liability within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table presents the financial instruments subject to fair value measurement by valuation hierarchy level as of September 30, 2012.

	Level 1	Level 2	Level 3	Total
Annuities	\$ 70,060	\$ -	\$ -	\$ 70,060
Corporate bonds	112,712	-	-	112,712
Mutual funds	5,291,654	-	-	5,291,654
Real estate investment trusts	-	-	387,635	387,635
	<u>\$ 5,474,426</u>	<u>\$ -</u>	<u>\$ 387,635</u>	<u>\$ 5,862,061</u>

The Organization's Level 3 investments consist of investments in real estate investment trusts (REIT). These investments are valued at estimated fair value, based upon the Organization's interest, as determined in good faith and reported by the REIT.

The following table presents a roll forward of the amounts for the year ended September 30, 2012, for Level 3 inputs:

	Beginning Balance	Net Acquisitions (Dispositions)	Net Gains (Losses)	Ending Balance
Real estate investment trusts	\$ 520,623	\$ (134,220)	\$ 1,232	\$ 387,635

18. CONCENTRATIONS

Concentration of Support

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Concentration of Credit Risk

The Organization maintains its cash in bank accounts, which at various times during the fiscal year exceed the federally insured limits.

As of September 30, 2012, the Organization's uninsured cash balances totaled \$7,669,116.

19. SUBSEQUENT EVENTS

Subsequent to year end, President Obama signed into law, H.R. 933, the Consolidated and Further Continuing Appropriations Act, 2013. This act provides fiscal year appropriations for CAP through September 30, 2013. Of the funds made available in the act, not less than \$38,634,000 shall be made available for CAP as follows:

\$28,400,000 shall be available from "Operation and Maintenance, Air Force" to support CAP's operation and maintenance, readiness, counterdrug activities, and drug demand reduction activities involving youth programs.

\$9,298,000 shall be available from "Aircraft Procurement, Air Force."

\$932,000 shall be available from "Other Procurement, Air Force" for vehicle procurement.

CAP's federally funded programs are supported through an annual appropriation from Congress. Uncertainty exists as to timing and amount of future appropriations.

