

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
Studio City, California

We have audited the accompanying consolidated statement of financial position of The Gary Sinise Foundation and Subsidiary (the "Organization") as of December 31, 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (the "U.S."). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Gary Sinise Foundation and Subsidiary as of December 31, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the U.S.

*RBZ LLP*

August 27, 2012

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2011**

ASSETS

Current Assets	
Cash	\$ 186,247
Inventory	<u>19,236</u>
	205,483
Property and Equipment, net	81,307
Deposits	<u>8,831</u>
	<u>\$ 295,621</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities	
Accounts payable and accrued liabilities	\$ 18,098
Due to affiliated entities, net	<u>69,588</u>
	<u>87,686</u>
Commitment (Note 4)	
Unrestricted Net Assets	<u>207,935</u>
	<u>\$ 295,621</u>

See accompanying notes to consolidated financial statements.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Revenue	
Individual contributions	\$ 1,116,574
Performance revenue	342,433
Corporate grants	296,958
Foundation grants	134,850
Merchandise sales, net	5,886
Other	<u>1,968</u>
	<u>1,898,669</u>
Functional Expenses	
Program	1,301,444
Management and General	146,977
Fundraising	<u>152,472</u>
	<u>1,600,893</u>
Change in Unrestricted Net Assets	297,776
Unrestricted Net Assets, beginning of year	<u>(89,841)</u>
Unrestricted Net Assets, end of year	<u>\$ 207,935</u>

See accompanying notes to consolidated financial statements.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 44,753	\$ 17,213	\$ 6,885	\$ 68,851
Advertising and Promotion	3,531	1,003	-	4,534
Commissions	5,500	-	-	5,500
Computer	16,965	6,525	2,611	26,101
Contributions	503,488	-	-	503,488
Depreciation and Amortization	-	18,614	18,613	37,227
Equipment Rental	14,765	-	-	14,765
Legal	-	26,010	-	26,010
Miscellaneous	3,886	6,248	-	10,134
Outside Services	332,436	2,585	1,034	336,055
Postage	3,618	452	452	4,522
Rent	26,906	10,349	4,139	41,394
Salaries and Payroll Taxes	106,533	47,678	83,305	237,516
Supplies	54,004	6,750	6,750	67,504
Taxes and Licenses	-	1,547	-	1,547
Telephone	3,689	1,419	567	5,675
Travel and Entertainment	153,254	584	-	153,838
Website	28,116	-	28,116	56,232
	<u>\$ 1,301,444</u>	<u>\$ 146,977</u>	<u>\$ 152,472</u>	<u>\$ 1,600,893</u>

See accompanying notes to consolidated financial statements.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash Flows from Operating Activities	
Change in unrestricted net assets	\$ 297,776
Adjustments to reconcile changes in net assets to cash provided by operating activities	
Depreciation and amortization	37,227
(Increase) decrease in operating assets	
Inventory	(19,236)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>(7,216)</u>
Cash Provided by Operating Activities	<u>308,551</u>
Cash Flows from Investing Activities	
Increase in property and equipment	<u>(100,034)</u>
Cash Used in Investing Activities	<u>(100,034)</u>
Cash Flows from Financing Activities	
Borrowings from affiliated entities, net	27,730
Payments on amounts due to affiliates	<u>(50,000)</u>
Cash Used in Financing Activities	<u>(22,270)</u>
Increase in Cash	186,247
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>\$ 186,247</u>

See accompanying notes to consolidated financial statements.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 1 - NATURE OF OPERATIONS

The Gary Sinise Foundation ("GSF") (a Delaware corporation) was formed in October 2010 as a tax exempt nonprofit corporation. At the Gary Sinise Foundation, the mission is to serve the United States by honoring its defenders, veterans, first responders, their families and those in need. GSF does this by creating and supporting unique programs designed to entertain, educate, inspire, strengthen and build commitments.

GSF believes the ramifications of war have a lifelong impact on our country's service men and women. The need to support the United States' heroes is never-ending, and something all people have a responsibility to uphold. GSF is fully committed to ensuring that no one forgets about the sacrifices these brave men and women have made for freedom and safety.

In 2011, GSF dedicated resources to several programs, all of which made an impact in the lives of the United States' defenders, veterans, first responders and their families. Whether it be through raising funding to build two Smart Homes for wounded veterans, contributing to the TAPS emergency relief fund for families of the fallen, providing meals for deploying and returning troops at USO @ LAX, providing scholarship funding for veterans and their families, funding a "Lt. Dan Van" dedicated to transporting first responders to and from medical facilities in times of need, lifting the spirits of the spouses and children of the fallen at the annual Snowball Express gathering, or through the "Lt. Dan Band" performing 36 concerts in communities and military bases across the country -- GSF is doing its part to respect and honor the American heroes who serve our country.

Lt. Dan Band LLC ("LDB") (a Delaware corporation) was formed in March 2011 as a limited liability corporation (LLC) whose sole member is GSF. LDB is the corporation housing the Lt. Dan Band, a musical band that tours the world and performs on military bases, in hospitals, and at USO events and other venues with proceeds that help support the mission of GSF.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of GSF and LDB (collectively referred to as the "Organization"). All significant intercompany transactions and balances have been eliminated in consolidation. The results for LDB are for the initial period of operation of March through December 2011.



**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

GSF is a nonprofit public benefit corporation organized under the laws of Delaware and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions.

The Organization's income tax and informational returns for tax years ended December 31, 2010 and subsequent remain subject to examination by the Internal Revenue Service.

Unrestricted Net Assets

Unrestricted net assets of the Organization are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Any limits on net assets are broad limits within the stated mission of the Organization.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2011.

Inventory

Inventory consists of t-shirts and other concert merchandise. It is stated at the lower of cost or market on a first-in, first-out basis.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Furniture and office equipment	3 - 7 years
Computer equipment	3 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

The Organization has also created a website ([www.garysinisefoundation.org](http://www.garysinisefoundation.org)), the total cost of which is being amortized over a 3-year life.

Impairment of Long-Lived Assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. The review of recoverability is based on management's estimate of the undiscounted future cash flows expected to result from the asset's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of an asset or asset group, an impairment loss is recognized to the extent the carrying value exceeds estimated fair value. No impairment provision was recorded by the Organization during the year.

Performance Revenues

Revenues from Lt. Dan Band performances are recognized upon receipt, which is generally on the date of the performance.

Contributions

Contributions consist primarily of donations from foundations, businesses and the general public. Contributions are accrued when committed to the Organization by the donor.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risk

Occasionally the Organization's cash balances exceed FDIC-insured limits. The Organization has not experienced and does not anticipate any losses related to these balances.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated accordingly.

Subsequent Events

The Organization has evaluated events subsequent to December 31, 2011, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through August 27, 2012, the date the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and office equipment	\$	4,832
Computer equipment		<u>5,452</u>
		10,284
Accumulated depreciation and amortization		<u>(1,144)</u>
		<u>\$ 9,140</u>

The Organization's website was capitalized in the amount of \$108,250 (\$89,750 in 2011) with accumulated amortization in the amount of \$36,083.

**THE GARY SINISE FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 4 - COMMITMENT

The Organization's offices are leased under an operating lease that expires in March 2013.

The scheduled minimum lease payments under the lease terms are as follows:

Year Ending December 31,

2012	\$ 105,189
2013	<u>26,490</u>
	<u>\$ 131,679</u>

The Organization's rent expense for the year was \$41,394, which is net of an offset of approximately \$70,000 from an affiliated entity (see Note 5).

NOTE 5 - AFFILIATED ENTITIES

The Organization is affiliated with several other organizations, both for-profit and nonprofit, through common board membership. Amounts due to and from affiliated entities are noninterest-bearing and due upon demand.

During the year, one of the affiliated nonprofit entities shared office space and administrative management with the Organization. As a result, the affiliate was allocated approximately \$70,000 to the Organization that was offset against the 2011 rent expense.