Gary Sinise Foundation and Subsidiary

Consolidated Financial Statements

As of March 31, 2024
and for the year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gary Sinise Foundation and Subsidiary
Franklin, Tennessee

Opinion

We have audited the accompanying consolidated financial statements of Gary Sinise Foundation and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of March 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows and for the year ended March 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gary Sinise Foundation and Subsidiary as of March 31, 2024, and the changes in their net assets and their cash flows and for the year ended March 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gary Sinise Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gary Sinise Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gary Sinise Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gary Sinise Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Armanino LLP

Armanino LLP
Woodland Hills, California

November 27, 2024

Gary Sinise Foundation and Subsidiary
Consolidated Statement of Financial Position
March 31, 2024

ASSETS	
Current assets	
Cash and cash equivalents	$ 25,342,467
Investments	49,951,117
Contributions and grants receivable, current portion	3,469,146
Inventory	286,970
Prepaid and other current assets	1,041,310
Total current assets	80,091,010
Property and equipment, net	1,105,220
Other assets	
Contributions and grants receivable, net of current portion and discount	2,362,387
Right-of-use assets, net	2,035,187
Deposits	47,255
Total other assets	4,444,829
Total assets	$ 85,641,059
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued liabilities	$ 2,835,801
Current portion of operating lease liabilities	1,096,300
Total current liabilities	3,932,101
Operating lease liabilities, net of current portion	1,124,925
Total liabilities	5,057,026
Net assets	
Without donor restrictions	
General or undesignated	54,621,291
Board-designated endowment	15,740,175
Total without donor restrictions	70,361,466
With donor restrictions	10,222,567
Total net assets	80,584,033
Total liabilities and net assets	$ 85,641,059

The accompanying notes are an integral part of these consolidated financial statements.

Gary Sinise Foundation and Subsidiary
Consolidated Statement of Activities
For the Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Bequests	$ 10,193,944	$ -	$ 10,193,944
Contributions - Foundations	5,780,108	1,370,000	7,150,108
Contributions - Individuals	36,340,690	1,839,233	38,179,923
Contributions - Corporations	8,984,975	1,414,020	10,398,995
In-kind donations	10,057,445	-	10,057,445
Government grants	2,300	329,417	331,717
Indirect public support	2,531,717	-	2,531,717
Merchandise sales	320,486	-	320,486
Other income	392,324	-	392,324
Investment income, net of investment management fees of $204,577	6,470,717	-	6,470,717
Net assets released from restriction	4,593,039	(4,593,039)	-
Total revenues, gains, and other support	85,667,745	359,631	86,027,376
Functional expenses			
Program services	65,056,646	-	65,056,646
Management and general	6,770,474	-	6,770,474
Fundraising	4,335,840	-	4,335,840
Total functional expenses	76,162,960	-	76,162,960
Change in net assets	9,504,785	359,631	9,864,416
Net assets, beginning of the period	60,856,681	9,862,936	70,719,617
Net assets, end of the period	$ 70,361,466	$ 10,222,567	$ 80,584,033

The accompanying notes are an integral part of these consolidated financial statements.

Gary Sinise Foundation and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended March 31, 2024

	R.I.S.E.	Relief and Resiliency	Community Outreach and Education	First Responders Outreach	Military Support Concerts	Total Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes, and employee benefits	$ 440,644	$ 1,097,514	$ 1,537,633	$ 283,948	$ 114,135	$ 3,473,874	$ 740,042	$ 2,513,997	$ 6,727,913
Accounting	-	-	-	-	-	-	485,295	-	485,295
Advertising and promotion	-	-	-	-	-	-	333,251	1,083	334,334
Management fees	-	-	-	-	-	-	204,577	-	204,577
Computer	14,665	44,092	51,198	9,434	3,788	123,177	218,453	191,975	533,605
Construction costs	9,981,387	2,438	822	-	-	9,984,647	4,805	-	9,989,452
Contributions	1,560,077	5,181,121	6,644,258	5,671,099	-	19,056,555	1,565	46,405	19,104,525
Depreciation and amortization	14,991	37,121	52,336	9,644	3,871	117,963	20,831	84,959	223,753
Equipment rental	86,340	34,220	4,259	-	-	124,819	3,215	-	128,034
Furnishings - in-kind	3,515,209	-	206,229	-	52,834	3,774,272	-	-	3,774,272
Insurance	206,258	22,619	31,890	6,514	2,359	269,640	12,694	51,769	334,103
Legal	368,779	24,684	-	-	-	393,463	1,393,804	-	1,787,267
Merchandise cost	-	52,089	6,392	-	-	58,481	414,056	15,582	488,119
Merchant fees	27,554	13,980	6,519	26,800	963	75,816	511,561	709	588,086
Miscellaneous	10,044	26,628	36,127	9,129	2,621	84,549	317,374	103,555	505,478
Occupancy	66,305	164,180	231,475	42,653	17,121	521,734	92,135	375,764	989,633
Outside services	1,482,622	2,733,178	1,528,784	427,841	2,500	6,174,925	707,561	395,762	7,278,248
Postage	7,088	17,129	24,595	4,450	1,786	55,048	32,438	155,548	243,034
Gifts	-	-	-	-	-	-	6,234	172,240	178,474
Repairs	22,132	14,529	14,448	2,662	1,069	54,840	5,750	23,454	84,044
Office expense	-	-	10	-	-	10	30,905	1,798	32,713
Program costs	461,457	10,138,793	1,688,068	127,213	434	12,415,965	188,632	521	12,605,118
Taxes and licenses	108,299	-	-	657	-	108,956	(10,453)	-	98,503
Freight	7,895	19,548	27,561	5,079	2,038	62,121	10,970	44,741	117,832
Travel and entertainment	380,547	4,614,544	799,059	56,410	1,014	5,851,574	1,037,428	125,998	7,015,000
Venue fees	-	2,172,786	59,805	-	-	2,232,591	-	-	2,232,591
Website	5,290	13,099	18,468	3,403	1,366	41,626	7,351	29,980	78,957
	$18,767,583	$26,424,292	$12,969,936	$ 6,686,936	$ 207,899	$65,056,646	$ 6,770,474	$ 4,335,840	$76,162,960

The accompanying notes are an integral part of these consolidated financial statements.

Gary Sinise Foundation and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2024

Cash flows from operating activities	
Change in net assets	$ 9,864,416
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Amortization of discount on contributions and grants receivable	77,399
Depreciation and amortization	223,753
Realized and unrealized gains on investments	(4,035,572)
Donated investments	(4,472,459)
Amortization in carrying amount of right-of-use lease assets	988,693
Changes in operating assets and liabilities	
Contributions and grants receivable	(33,242)
Inventory	39,057
Prepaid and other current assets	(6,617)
Accounts payable and accrued liabilities	(728,891)
Operating lease liabilities	(1,017,096)
Net cash provided by operating activities	899,441
Cash flows from investing activities	
Purchases of property and equipment	(72,202)
Purchases of investments	(13,737,743)
Sales of investments	11,190,084
Net cash used in investing activities	(2,619,861)
Net decrease in cash and cash equivalents	(1,720,420)
Cash and cash equivalents, beginning of the period	27,062,887
Cash and cash equivalents, end of the period	$ 25,342,467

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Gary Sinise Foundation ("GSF"), a Delaware charitable nonstock corporation, was formed in April 2010 with a mission to serve America 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 communities. In December 2021 the Organization moved office locations from Woodland Hills, California to Franklin, Tennessee.

GSF believes the cost of providing the blanket of freedom at home and abroad leaves an indelible impact on all service members, veterans, first responders and their families. Furthermore, it believes it is the individual responsibility of each citizen to support America's defenders. GSF is committed to ensuring the sacrifices made by all of our nation's heroes are honored and remembered.

Through their *R.I.S.E.* (Restoring Independence Supporting Empowerment) Program, GSF builds mortgage-free, specially adapted smart homes for our most severely wounded heroes and their loved ones. In addition, the program provides adapted vehicles, mobility devices, wheelchairs, and home modifications for our injured, wounded, ill, and/or aging defenders. Through *R.I.S.E.*, GSF provides our heroes with the resources necessary to overcome their new challenges and reclaim their independence.

Through their *Relief and Resiliency* Program, GSF uplifts spirits and provides complete support to injured, wounded (visible and invisible), ill and/or aging veterans, their loved ones, and Gold Star families as they cope with trauma and loss during their time of urgent need. GSF also hosts day-long *Invincible Spirit Festivals* at America's military centers to boost the morale and spirits of the patients, families, and staff. GSF's *Mentorship Program* is a seven-day retreat pairing post-9/11 heroes at the beginning of their rehabilitation with wounded veterans from the Vietnam and Korean Wars who have successfully overcome similar struggles. Heal, Overcome, Persevere and Excel, the *H.O.P.E.* initiative, provides complete support to those who have experienced trauma, illness, injury, or loss during their times of urgent need, sometimes with assistance as simple as help paying bills or buying groceries. *Snowball Express* focuses on serving the children and surviving spouses and guardians of our fallen military and first responder heroes by providing guilt-free, fun, and beneficial resources in a stress-free environment, creating a community of healing and growth, and making lasting memories with new friends.

1. NATURE OF OPERATIONS (continued)

GSF's *Community Outreach and Education* programs honor our active-duty service members and the generations that have served before us. *Serving Heroes* shows appreciation to our defenders by serving hearty, classic American meals worldwide. *Arts and Entertainment Outreach* offers free dinners and performances to local veterans at the Steppenwolf Theatre in Chicago and additional theatres nationwide. *Soaring Valor* provides WWII veterans the opportunity to visit The National WWII Museum and sponsors a historian to document their first-hand accounts of the War. In 2017, the program expanded by inviting students to join the veterans for an educational experience. With an impressive panel of individuals, the *GSF Ambassador Council* inspires, educates, and reminds communities to remember the sacrifices made by all American defenders. A small fraction of our population volunteers to protect our nation, the *Education and Outreach Center* provides a place to unite civilians and defenders to learn the cost of freedom. The Center will host educational speaking series, workshops, and summits with character-building exercises for civilians, students, injured heroes, first responders, and their families/caregivers.

First Responders Outreach provides equipment, training, and wellness grants to ensure our firefighters, police, and EMTs have the tools they need to perform to the best of their abilities.

The Lt. Dan Band ("LDB"), a Delaware limited liability company, is 100% owned by GSF and was formed in March 2011. Its proceeds help support GSF's mission. Gary Sinise and the Lt. Dan Band continue to bring their exhilarating performances to our nation's service members, veterans, first responders, and their families across the world. Whether boosting morale on military bases at home and abroad or raising awareness and funding through benefit concerts, the band entertains, educates, inspires and builds communities with its explosive live show.

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.

Basis of accounting and financial statement presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Board-designated Endowment* - The Board of Directors, as part of the Organization's long-term strategic plan, has established a board designated endowment fund. All investment earnings and gains/losses for the year are reported as part of the endowment.
- *Net assets with donor restrictions* - Include gifts and grants received that are restricted with respect to time or use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as net assets without donor restrictions if the restriction is met in the same reporting period.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of risk

Occasionally the Organization's cash balances exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. The Organization has not experienced and does not anticipate any losses related to these balances.

Cash and cash equivalents

The Organization considers all investments purchased with a maturity date of three months or less to be cash equivalents. At March 31, 2024, the Organization's cash and cash equivalents balance includes $20,918,839 in short-term money market funds.

Investments

The Organization accounts for investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities* ("ASC 958-320"). ASC 958-320 requires that investments in debt and equity securities with readily determinable fair values be reported at fair market value in the consolidated statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Sales and purchases of securities are recorded on the trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the exdividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the consolidated statement of activities and represent the difference between the cost and current market quotations of investments held at the end of the fiscal year. Net investment return (loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Investments in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Organization's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities. Market values of such investments are routinely reviewed by the finance committee of the Board of Directors.

Fair value measurements

The Organization's consolidated statement of financial position include the following financial instruments: cash and cash equivalents, contributions and grants receivable, accounts payable, and accrued liabilities. The Organization considers the carrying amounts of its assets and liabilities noted herein to approximate fair value because of the relatively short period of time between origination of the instrument and its expected realization.

The Organization follows Accounting Standards Codification No. 820-10, *Fair Value Measurements and Disclosures* ("ASC Topic 820") which 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 ASC Topic 820 are described below:

- *Level 1* - Fair value is determined using quoted market prices in active markets for identical assets and liabilities.
- *Level 2* - Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - Fair value is determined using unobservable market prices in a market that is typically inactive.

Contributions and grants receivable, net

Contributions, including unconditional promises to give are recognized as revenue in the period received. Contributions and grants received, including unconditional promises to give, are recorded as net assets with or without donor restrictions depending on the existence or absence of any donor-imposed restrictions and are then reclassified to net assets without donor restrictions upon satisfaction of any restrictions through the net assets released from restriction. Pledges for future contributions, including unconditional promises to give are recorded as receivables and reported at estimated net realizable values. Pledges that are due in future periods are discounted at 3%. Management has reviewed all contributions and grants receivable and determined no allowance for credit losses accounts was necessary at March 31, 2024.

Contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, at which time, the gift is recognized as either contribution revenue with or without donor restrictions. There were no unrecognized conditional contributions as of March 31, 2024.

Inventory

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

Smart Homes

Through GSF's *R.I.S.E.* program, GSF builds specially adapted Smart Homes for pre-selected, severely wounded heroes and their families. GSF incurs all expenditures related to the acquisition of the land, and the design, construction, furnishings and fixtures related to the home. The costs are included within the *R.I.S.E.* program expenses as they are incurred.

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 as follows:

Computer equipment	3 years
Furniture and fixtures	3 - 7 years
Website	3 years
Vehicle	5 years
Office equipment	5 - 7 years
Leasehold improvements	Lesser of useful life or life of lease

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.

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. No impairment provision was recorded by the Organization during the year ended March 31, 2024.

In-kind donations

In-kind donations consist of contributed assets and contributed services. Contributed assets are recognized at the asset's fair value on the date of contribution. Contributed services are recognized if the services received: a) create or enhance long-lived assets or b) require specialized skills, are provided by individuals possessing those skills, and c) would typically need to be purchased if not provided by donation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind donations (continued)

The amounts recognized as in-kind donations are as follows:

Contributed services	
Construction - labor	$ 242,832
Legal fees	797,875
Events - labor	27,500
	1,068,207
Contributed assets	
Construction - material and supplies	3,684,598
Travel - charter flights and miles	3,954,284
Events - supplies and entertainment	1,350,356
	$ 10,057,445

All of these expenses are included within program services, except for legal fees which has been included within management and general.

Leases

The Organization recognizes a right-of-use ("ROU") asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time in accordance with the Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"). The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises: i) the amount of the initial measurement of the lease liability; ii) any lease payments made at or before the commencement date, less any lease incentives; and iii) any initial direct costs incurred by the lessee.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method over the estimated useful life or over the term of the respective lease. If the lease transfers ownership of the underlying asset to the Organization by the end of the lease term or if the cost of the right-of-use asset reflects that the Organization will exercise a purchase option, the Organization amortizes the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, which comprises: i) fixed payments, less any lease incentives receivable; ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; iii) amounts expected to be payable by the lessee under residual value guarantees; iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organization may utilize the risk-free interest rate. The Organization elected to utilize the risk-free interest rate available as an optional expedient under the standard. The lease liability is subsequently measured at amortized cost using the effective interest method.

The lease term determined by the Organization comprises: i) non-cancelable period of lease contracts; ii) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and iii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Organization has applied the practical expedients in ASC 842 related to not separating lease and nonlease components of contracts.

The Organization has elected not to recognize ROU assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option the lessee is reasonably certain to exercise.

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 based on management estimates.

Income tax status

GSF is a charitable nonstock 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

LDB is a single member limited liability company that is a disregarded entity under the Internal Revenue Code. However, LDB is subject to a Delaware state income tax as well as other state and tax jurisdictions. For Delaware income tax purposes, a limited liability company is required to pay a fee based on its gross receipts as defined, plus $800 annually.

Change in accounting principle

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Topic 326, *Financial Instruments - Credit Losses*, designed to provide a more forward-looking approach to the estimation of expected credit losses on financial assets. The Organization adopted the standard effective January 1, 2023 using the modified retrospective approach and determined the adoption of the new standard had no material effect to the consolidated financial statements.

Subsequent events

Subsequent events have been evaluated through November 27, 2024, which is the date the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that would require recognition or additional disclosure in the consolidated financial statements, other than the below.

During the year ended March 31, 2024, the Organization received shares of a privately held company ("Private Company") as a bequest. The Organization valued the Private Company shares at $2,724,000 as of March 31, 2024, In August 2024, the Organization entered into an agreement to sell those shares back to the Private Company for $6,700,000 and therefore recorded a gain on the sale of $3,976,000 at the time of the sale.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable, net consisted of the following:

Amounts due in one year	$ 3,469,146
Amounts due in two to five years	2,717,878
	6,187,024
Discount to net present value	(355,491)
	$ 5,831,533

The Organization uses 3% as its present value discount factor.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Land	$ 94,640
Computer equipment	498,869
Furniture and fixtures	714,007
Website	111,410
Leasehold improvements	2,314,694
Vehicle	79,974
Office equipment	203,678
	4,017,272
Accumulated depreciation and amortization	(2,912,052)
	$ 1,105,220

Depreciation and amortization expense for the year ended March 31, 2024 was $223,753.

5. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Organization is involved in litigation in the normal course of business. There are no current legal matters in which the Organization is a defendant or that management believes will have a materially adverse financial impact on the Organization.

Smart Home Construction

Through its *R.I.S.E.* program, the Organization is committed to building 12 Smart Homes. The total budgeted cost of those Smart Homes is approximately $12,605,000. As of March 31, 2024, the Organization had expended approximately $10,624,000 on those homes, resulting in a remaining net commitment of approximately $1,981,000.

Gain contingency

The Organization has been named the sole beneficiary of a donor's estate in an executed living trust. The donor passed in February 2022 at which time the living trust became irrevocable. Subsequent to the passing of the donor, the trustee of the living trust has brought litigation to disinherit the Organization and name another non-profit organization as the beneficiary. The Organization is vigorously defending its claim and believes that its claim to the estate is valid and will be upheld. However, since the legal matter has not concluded, the Organization believes that there is sufficient uncertainty around the outcome and has not recorded the bequest in its books and records. The estimated value of the estate is approximately $20,000,000.

6. RELATED PARTY

During the year ended March 31, 2024, the treasurer of the Organization provided design services and sold furniture and fixtures to the Organization at discounted prices. The total amount of services provided and furniture sold to the Organization during the year ended March 31, 2024, totaled approximately $195,000.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of March 31, 2024:

Smart Homes and Home Modifications *(R.I.S.E. Program)*	$ 3,882,769
Time Restricted	2,352,367
Relief and Resiliency	2,304,742
Center for Outreach and Education	1,208,944
First Responders Outreach	419,267
Other	54,478
	$ 10,222,567

Net assets with donor restrictions released from restriction during the year were as follows:

Smart Homes and Home Modifications *(R.I.S.E. Program)*	$ 2,250,467
Center for Outreach and Education	235,960
Relief and Resiliency	787,000
Time Restricted	1,294,242
Other	25,370
	$ 4,593,039

8. BOARD-DESIGNATED ENDOWMENT

In the February 2016, the Board of Directors (the "Board") established a board designated endowment fund in the amount of $10,000,000 as part of the Organization's long-term strategic plan. The Organization has adopted an endowment investment policy, approved by the Board, for endowment assets that attempt to maximize the return on invested assets while minimizing risk and expenses. This is to be done through prudent investing and planning, as well as through the maintenance of a diversified portfolio. The Organization targets a diversified asset allocation that places an emphasis on fixed income securities and equity investments with approximately 5% to be held in cash and cash equivalents accounts to be available for program expenditures, administrative costs, and other anticipated expenses. Five percent (5%) of the total market value of the fund as of September 30 of each year may be utilized over the course of the following calendar year for the Organization's administrative and overhead expenses. No such allocation was made during the year ended March 31, 2024.

8. BOARD-DESIGNATED ENDOWMENT (continued)

Activity during the year ended March 31, 2024, Board-Designated endowment was as follows:

Balance, beginning of the period	$ 15,089,757
Realized and unrealized gains	1,816,251
Dividends and interest income	396,715
Investment expenses	(62,548)
Appropriations	(1,500,000)
Balance, end of the period	$ 15,740,175

9. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of March 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds	$ 25,372,788	$ -	$ -	$ 25,372,788
Corporate stocks	6,883,335	-	-	6,883,335
Corporate bonds	-	8,524,915	-	8,524,915
U.S. Treasury notes	6,031,713	-	-	6,031,713
Other marketable security funds	414,366	-	-	414,366
Privately held company	-	-	2,724,000	2,724,000
	$ 38,702,202	$ 8,524,915	$ 2,724,000	$ 49,951,117

Investment income, net consisted of the following:

Realized and unrealized gains	$ 4,035,572
Interest and dividends	2,639,722
Management fees	(204,577)
	$ 6,470,717

9. INVESTMENTS (continued)

Activity in the investments during the year ended March 31, 2024, was as follows:

Balance, beginning of the period	$ 38,895,427
Proceeds from sales of investments	(11,190,084)
Purchases of investments	13,737,743
Donated investments	4,472,459
Realized and unrealized gains	4,035,572
Balance, end of the period	$ 49,951,117

10. RETIREMENT PLAN

The Organization has a retirement plan providing benefits to all eligible employees. The Organization makes matching contributions of 3% of eligible compensation of those employees who elected to contribute to the plan. Employees are eligible to participate upon start of service and are vested in their accounts upon enrollment. Retirement plan expense for the year ended March 31, 2024 was $87,256.

11. LEASES

The Organization has various leases which expire at various dates through 2028.

The right-of-use assets is detailed as follows:

Right-of-use assets - operating	$ 2,035,187

The right-of-use lease liabilities are detailed as follows:

Lease liabilities, current portion	
Operating lease liabilities	$ 1,096,300
Lease liabilities, net of current portion	
Operating lease liabilities	1,124,925
	$ 2,221,225

Lease costs for the year ended March 31, 2024 consisted of the following:

Operating lease costs	
Annual scheduled rent	$ 1,056,801

11. LEASES (continued)

Future maturities of operating lease liabilities are as follows:

Year ending March 31,	
2025	$ 1,120,883
2026	905,942
2027	263,637
2028	3,008
	2,293,470
Less: discounts to present value	(72,245)
Lease liabilities, net of discounts to present value	2,221,225
Current portion	(1,096,300)
	$ 1,124,925

The weighted-average lease terms and discount rates are as follows:

Weighted-average remaining lease term - operating lease	2.94 years
Weighted-average discount rate - operating lease	1.65%

12. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets reported on the consolidated statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Consequently, amounts available exclude net assets with donor restrictions as of March 31, 2024.

Liquidity of financial assets as of March 31, 2024 is as follows:

Cash and cash equivalents	$ 25,342,467
Investments	49,951,117
Contributions and grants receivable, current portion	3,469,146
	78,762,730
Net assets with donor restrictions (Note 6)	(10,222,567)
Board-designated endowment (Note 7)	(15,740,175)
	$ 52,799,988