THE GARY SINISE FOUNDATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR 2012)

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rbz LLP
CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE GARY SINISE FOUNDATION AND SUBSIDIARY
Woodland Hills, California

We have audited the accompanying financial statements of The Gary Sinise Foundation and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the U.S. ("U.S. GAAS"). Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

rbz, LLP

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Gary Sinise Foundation and Subsidiary as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. GAAP.

Report on Summarized Comparative Information

We have previously audited The Gary Sinise Foundation and Subsidiary's consolidated financial statements, and our report dated June 11, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

RBZ, LLP

Los Angeles, California
July 7, 2014

THE GARY SINISE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 4,802,873	$ 1,548,190
Receivables	82,926	375,000
Receivable from outside organization, net	463,352	-
Inventory	21,471	14,314
Prepaid expenses	35,342	-
Total Current Assets	5,405,964	1,937,504
Property and equipment - net	36,631	53,842
Deposits	22,815	8,831
TOTAL ASSETS	$ 5,465,410	$ 2,000,177

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 108,160	$ 35,913
Deferred income	217,517	250,000
TOTAL LIABILITIES	325,677	285,913
COMMITMENTS (Note 4)		
NET ASSETS		
Unrestricted	2,310,200	1,199,146
Temporarily restricted	2,829,533	515,118
TOTAL NET ASSETS	5,139,733	1,714,264
TOTAL LIABILITIES AND NET ASSETS	$ 5,465,410	$ 2,000,177

See independent auditors' report and accompanying notes.

THE GARY SINISE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013			
	Unrestricted	Temporarily Restricted	Total	2012
PUBLIC SUPPORT AND REVENUE				
Performances	$ 649,400	$ -	$ 649,400	$ 685,703
Corporations	1,359,932	523,985	1,883,917	1,268,315
Foundations	826,501	2,827,183	3,653,684	753,053
Individuals	1,468,621	1,130,909	2,599,530	2,147,890
Board contributions	375,000	-	375,000	-
Ticket sales	-	-	-	8,950
Merchandise sales	72,771		72,771	44,683
Reimbursements	-	-	-	8,750
Forgiveness of debt	-	-	-	28,633
Interest	270		270	45
Total Support and Revenue	4,752,495	4,482,077	9,234,572	4,946,022
Net Assets Released from Restrictions:				
Restricted satisfied by payments	2,167,662	(2,167,662)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	6,920,157	2,314,415	9,234,572	4,946,022
FUNCTIONAL EXPENSES				
Program services	4,835,087	-	4,835,087	2,828,048
General and administrative	716,747	-	716,747	292,653
Fundraising	257,269	-	257,269	318,991
Total Functional Expenses	5,809,103	-	5,809,103	3,439,692
CHANGE IN NET ASSETS	1,111,054	2,314,415	3,425,469	1,506,329
BEGINNING NET ASSETS as of December 31, 2012	1,199,146	515,118	1,714,264	207,935
ENDING NET ASSETS as of December 31, 2013	$ 2,310,200	$ 2,829,533	$ 5,139,733	$ 1,714,264

THE GARY SINISE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013										
	Program Services						Supporting Services				
	Community Outreach and Education	Military Support Concerts	First Responders	Relief and Resiliency	R.I.S.E.	Total	Management and General	Fund Raising	Total	2013	2012
Salaries, payroll taxes and employee benefits	$ 101,580	$ 89,490	$ 45,211	$ 123,521	$ 86,752	$ 446,554	$ 73,630	$ 70,068	$ 143,698	$ 590,252	$ 308,493
Accounting	-	-	-	-	-	-	139,002	-	139,002	139,002	115,500
Advertising and promotion	12,711	14,776	5,982	17,812	15,851	67,132	66,654	11,797	78,451	145,583	17,849
Commissions	-	40,500	-	-	-	40,500	-	-	-	40,500	15,170
Computer	6,394	5,641	3,009	7,522	5,641	28,207	4,889	4,513	9,402	37,609	9,824
Construction costs	-	-	-	-	1,968,123	1,968,123	-	-	-	1,968,123	-
Contributions	108,088	-	160,000	290,674	600,789	1,159,551	40,000	30,000	70,000	1,229,551	1,728,596
Depreciation and amortization	7,337	6,474	3,453	8,631	6,473	32,368	5,611	5,179	10,790	43,158	40,239
Equipment rental	8,134	2,755	-	204,469	-	215,358	2,657	17,747	20,404	235,762	52,598
Insurance	1,635	1,702	769	2,117	1,442	7,665	797	1,154	1,951	9,616	-
Legal	-	-	-	-	-	-	150,570	-	150,570	150,570	35,736
Merchandise cost	-	-	-	-	-	-	36,385	-	36,385	36,385	87,058
Merchant fees	6,254	5,518	2,943	7,358	5,519	27,592	4,784	4,415	9,199	36,791	23,507
Miscellaneous	1,104	974	519	1,298	974	4,869	5,975	1,568	7,543	12,412	11,527
Outside services	33,664	274,238	6,695	141,174	111,653	567,424	21,017	65,092	86,109	653,533	556,517
Postage	5,012	6,199	2,359	13,980	5,216	32,766	3,834	6,239	10,073	42,839	23,404
Printing	287	1,100	-	1,356	1,557	4,300	8,936	2,134	11,070	15,370	-
Rent	18,466	16,294	8,690	21,725	16,294	81,469	14,122	13,035	27,157	108,626	107,027
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	4,411
Supplies	-	1,787	-	5,715	-	7,502	107,724	5,992	113,716	121,218	86,448
Taxes and licenses	13	32	6	16	12	79	3,151	9	3,160	3,239	1,559
Telephone	1,132	999	533	1,331	999	4,994	864	799	1,663	6,657	7,311
Travel and entertainment	4,495	58,854	-	33,171	4,063	100,583	19,549	11,440	30,989	131,572	125,746
Website	8,625	7,610	4,059	10,147	7,610	38,051	6,596	6,088	12,684	50,735	81,172
TOTAL EXPENSES	$ 324,931	$ 534,943	$ 244,228	$ 892,017	$ 2,838,968	$ 4,835,087	$ 716,747	$ 257,269	$ 974,016	$ 5,809,103	$ 3,439,692

THE GARY SINISE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 3,425,469	$ 1,506,329
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,158	40,239
(Increase) decrease in operating assets		
Grants receivable	375,000	(375,000)
Accounts receivable	(82,926)	-
Receivable from outside organization, net	(463,352)	
Inventory	(7,157)	4,922
Prepaid expenses	(35,342)	-
Deposits	(13,984)	-
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	72,247	17,815
Deferred income	(32,483)	250,000
Cash provided by operating activites	3,280,630	1,444,305
Cash flows from investing activities		
Capital expenditures	(25,947)	(12,774)
Cash flows from financing activities		
Borrowings from affiliated entities, net	-	6,700
Payments of amounts due to affiliates	-	(76,288)
Cash provided by financing activities	-	(69,588)
Increase in cash and cash equivalents	3,254,683	1,361,943
Cash and cash equivalents, beginning of year	1,548,190	186,247
Cash and cash equivalents, end of year	$ 4,802,873	$ 1,548,190

See independent auditors' report and accompanying notes.

THE GARY SINISE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – NATURE OF OPERATIONS

The Gary Sinise Foundation ("GSF") (a Delaware nonprofit corporation) was formed in October 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 commitments.

GSF believes the ramifications of war leave an indelible impact on all service members. It furthermore 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.

In 2013, the GSF established its R.I.S.E. program (Restoring Independence and Supporting Empowerment). R.I.S.E. provides wounded heroes and their families with the resources necessary to overcome their new life challenges. Through home modifications, adapted vehicles, wheelchairs/trackchairs or constructing custom Smart Homes, GSF is helping our wounded heroes increase their mobility and reclaim their self-reliance.

By establishing its *Relief and Resiliency Outreach* program, GSF is providing complete support to military and first-responder families recovering from trauma and loss during times of urgent need. GSF is also hosting day-long *Invincible Spirit Festivals* at America's military hospitals to boost the morale and spirits of the patients, families and staff.

Through *Serving Heroes*, GSF is showing its appreciation by serving hearty, classic American meals to our defenders across the country. With the expansion of its *Arts and Entertainment Outreach* program, GSF now offers free dinner and performances to local veterans at the Steppenwolf Theatre in Chicago and the Geffen Playhouse in Los Angeles.

Gary Sinise and the Lt. Dan Band continue to bring their exhilarating performances to our nation's service members and their families across the world. Whether booting 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. The Lt. Dan Band ("LDB") (a Delaware limited liability company) is wholly owned by GSF and was formed in March 2011. Its proceeds help support GSF's mission.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

LDB is a limited liability company that is taxed as a partnership under the Internal Revenue Code. Under those provisions, LDB does not pay federal taxes on its taxable income. Instead, the member reports its respective share of LDB's taxable income. However, LDB is subject to a California state income tax as well as other state and tax jurisdictions. For California income tax purposes, a limited liability company is required to pay a fee based on its gross receipts as defined, plus $800 annually.

The Organization's federal income tax and informational returns for tax years ending December 31, 2010 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Organization's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years ending December 31, 2010 and subsequent.

Basis of 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.

> *Unrestricted General Net Assets* – Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Organization.
>
> *Temporarily Restricted Net Assets* – Include gifts and grants received that are temporarily 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 unrestricted net assets. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.
>
> *Permanently Restricted Net Assets* – Included assets that have been restricted by the donor in perpetuity and cannot be expended by the Organization. There were no permanently restricted net assets as of December 31, 2013.

Cash and Cash Equivalents

For the purpose of the financial statement, the Organization considers all investments purchased with a maturity date of three months or less to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Receivables consist of credit card remittances that have been processed but not yet received.

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.

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:

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

Impairment of Long-Live 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.

Deferred Income

Deferred income consists of a $250,000 grant from an appliance company that is restricted solely for purchases of their appliance brand in Smart Homes. As appliances are purchased the liability is reduced.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated events subsequent to December 31, 2013, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through July 7, 2014, the date the consolidated financial statements were available to be issued and are addressed in Note 7.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and office equipment	$ 4,634
Computer equipment	22,823
Website	108,250
	135,707
Accumulated depreciation and amortization	(120,624)
	15,083
Construction in progress	21,548
Net property and equipment	$ 36,631

NOTE 4 – COMMITMENTS

Leases

The Organization's offices are leased under an operating lease that expires in March 2014. In November 2013, the Organization entered into an operating lease for new offices that will commence April 2014 and expires August 2020. The Organization is also obligated on an equipment lease that expires June 2014.

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

Year Ending December 31,	
2014	$ 109,274
2015	131,642
2016	135,592
2017	139,659
2018	157,031
2019 and thereafter	273,620
	$ 946,818

Total rent expense was $108,626 in 2013.

Smart Home Construction

The Organization is committed to building 14 Smart Homes at December 31, 2013. The total budgeted cost of those Smart Homes total $11,549,879 of which $1,731,341 has been expended through December 31, 2013 leaving $9,818,538 remaining to be disbursed. The Organization expects those homes will be completed in 2014.

NOTE 5 – RELATED PARTIES

The founder of the Organization donated $375,000 during the year ended December 31, 2013, to underwrite the operating costs of the Organization. The founder also does not receive any salary or other form of compensation from the Organization.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2013:

Carryover from prior year	$ 515,118
Smart Homes and Building for America's Bravest donations – current year	4,482,077
Net assets released from restrictions	(2,167,662)
	$ 2,829,533

NOTE 7 – SUBSEQUENT EVENTS

Agreement with Program Provider

In June 2014 the Organization entered into an agreement with another nonprofit organization it had partnered with in the Smart Home program. Under the agreement it was determined that the Organization would assume full responsibility for 14 Smart Homes and 7 homes would be the responsibility of the other nonprofit. Under the agreement, funds raised by either organization for the benefit of Smart Homes not under their control must be transferred to the responsible organization. Accordingly, $199,539 will be transferred by the Organization and $662,891 will be transferred to the Organization resulting in a net receivable from outside organization of $463,352 in the accompanying consolidated statement of financial position.

Bank Loan

In March 2014 the Organization entered into a $300,000 loan with a bank. The loan bears annual interest at 4.15% and is payable in six monthly interest only payments commencing April 2014 followed by 42 installments of principal and interest maturing March 2018. The loan is secured by substantially all assets of the Organization and is subject to certain financial covenants.