INFINITE HERO FOUNDATION

Financial Statements
for the period from
March 17, 2011 (inception)
to December 31, 2011

Infinite Hero Foundation
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Audit – Tax – Advisory

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Report of Independent Certified Public Accountants

Board of Directors
Infinite Hero Foundation

We have audited the accompanying statement of financial position of the Infinite Hero Foundation (the "Foundation") as of December 31, 2011, and the related statements of activities and cash flows for the period from March 17, 2011 (inception) through December 31, 2011. These financial statements are the responsibility of the Foundation's management. 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 United States of America established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the Infinite Hero Foundation as of December 31, 2011, and the changes in net assets and its cash flows for the period from March 17, 2011 (inception) through December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Los Angeles, California
July 5, 2012

INFINITE HERO FOUNDATION
Statement of Financial Position
As of December 31, 2011

ASSETS	
Cash and cash equivalents	$ 658,908
Receivable from related party (Note 4)	132,422
Other receivables	494
Web site, net	18,025
Intangible assets, net	8,667
Total assets	$ 818,516
LIABILITIES AND NET ASSETS	
Liabilities	$ —
Net assets—unrestricted	818,516
Total liabilities and net assets	$ 818,516

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

INFINITE HERO FOUNDATION

Statement of Activities

For the period from March 17, 2011 (inception) to December 31, 2011

Revenues:	
Royalty income	$ 814,658
Contributions	51,610
In-kind support	25,000
Total revenues	891,268
Expenses:	
Program	25,000
Fundraising	25,247
Management and general	22,505
Total expenses	72,752
Change in net assets	818,516
Net assets at beginning of period	—
Net assets at end of period	$ 818,516

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

INFINITE HERO FOUNDATION

Statement of Cash Flows

For the period from March 17, 2011 (inception) to December 31, 2011

Cash Flows from Operating Activities	
Change in net assets	$ 818,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,308
Contributions of non-monetary assets	(21,000)
Changes in operating assets and liabilities:	
Royalties receivable	(132,422)
Other receivables	(494)
Net cash provided by operating activities	668,908
Cash Flows from Investing Activities	
Purchase of intangible assets	(10,000)
Net cash provided by investing activities	(10,000)
Cash Flows from Financing Activities	—
Increase in cash and cash equivalents	658,908
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	$ 658,908

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

INFINITE HERO FOUNDATION
Notes to Financial Statements

Note 1 – **Description of Infinite Hero Foundation**

Infinite Hero Foundation (the "Foundation") was incorporated on March 17, 2011 as a non-profit public benefit corporation under the laws of the state of California.

The Foundation's mission is to honor and empower those who exemplify the highest virtues of courage and heroism by carefully examining the issues that our military heroes and their families face in their daily lives and investing in innovative programs that meet the needs of these heroes, honoring their sacrifice and empowering their future. The Foundation seeks to fulfill its mission by: (i) raising public awareness of the need to support members of the military community and (ii) supporting organizations that are dedicated to, and provide services in furtherance of, the Foundation's mission.

To raise public awareness of the need to support members of the military community, the Foundation intends to hold charity events, initially in Los Angeles, Orange and San Diego counties. Given the location of various military installations in these three Southern California counties, such as the Naval Base San Diego, Camp Pendleton and the Los Angeles Air Force Base, the Foundation believes these areas are ideal environments in which to raise public awareness of the need to support, and to promote activities designed to support, military personnel.

The Foundation also intends to raise awareness of its mission, and solicit contributions, directly from donors via its website (*www.infinitehero.org*) and through the use of social media as well as traditional communication channels. The Foundation may also work with corporate partners to spread awareness to their consumers and social media followers.

In addition, because the Foundation expects that its name, logo and trade dress (the "IHF Marks") will be associated with its mission statement, the Foundation intends to license the IHF Marks to corporate partners for use in connection with the sale of such parties' commercial products ("Signature Products"), usually in exchange for a donation to the Foundation of a portion of the proceeds from the sale of such Signature Products. The production, marketing and sale of Signature Products will be undertaken by the Foundation's corporate partners, and the Foundation anticipates these activities will serve to inform consumers of the Foundation's mission statement. Consequently, the Foundation expects the sale of Signature Products by its corporate partners will both raise awareness of, and funds for, the support of its mission. In 2011, the Foundation entered into its first licensing arrangement for the sale of Signature Products with Oakley, Inc. ("Oakley") and in June 2011, Oakley began selling a line of Signature Products including eyewear, watches, apparel and accessories (See Note 4).

The Foundation is committed to dedicating its resources and property for the beneficial use of charitable causes consistent with its mission statement. The Foundation intends to use a substantial portion of the funds it raises to make grants to specially selected nonprofit organizations, the operations of which are dedicated to innovative programs that are in furtherance of, and consistent with, the Foundation's mission statement. The Foundation made its first grant in 2011.

Note 2 –**Significant Accounting Policies**

The Foundation has prepared these financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Foundation are described herein to enhance the usefulness and understandability of these financial statements.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of revenues and expenses for the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The

Foundation's management believes that the estimates and assumptions are reasonable in the circumstances. However, the actual results could differ from those estimates.

Net Assets

The Foundation has not received any asset whose use is limited by donor-imposed conditions. Consequently, the Foundation's net assets are classified as "unrestricted net assets" in the financial statements. Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Cash and Cash Equivalents

Cash equivalents are short term, highly liquid investments with original maturities of three months or less. As of December 31, 2011, substantially all of the Foundation's cash and cash equivalents consist of demand deposits held at a major bank.

Receivable from Related Party

Receivable from related party as of December 31, 2011 consists of amounts due from Oakley under the Signature Product Agreement (see Note 4). Management believes that the receivable is collectible in full; no allowance for uncollectible receivables is provided.

Impairment of Long-Lived Assets

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without an interest charge) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the carrying value of the asset to its estimated fair value. To date, no such write-downs have occurred.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. As of December 31, 2011, the Foundation has not recognized any contributions receivable in the accompanying statement of financial position.

Gifts-in-Kind Contributions

The Foundation periodically receives contributions in a form other than cash or investments. The Foundation recognizes a contributed asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Foundation's capitalization policy. Donated use of facilities is reported as a contribution and as an expense at the estimated fair value of similar space for rent under similar conditions. Donated supplies are recorded as a contribution at the date of gift and as an expense when the donated items are placed into service or distributed.

For the period from March 17, 2011 (inception) to December 31, 2011, the Foundation paid no compensation to directors, officers or others. Instead, the Foundation benefitted from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Foundation's fund-raising and public relations campaigns, management and administration. However, the majority of the contributed services do not meet the criteria for recognition in the accompanying financial statements. Under GAAP, the Foundation must recognize contributed services if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. For the period from March 17, 2011 to December 31, 2011, donated services with an estimated fair value of $25,000 met those criteria and are included in in-kind contributions in the statement of activities. Those services consisted of the development of the Foundation's web site (recognized as an asset in the accompanying statement of financial position) and certain accounting services (included in management and general expenses).

Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

The Foundation makes grants to specially selected nonprofit organizations, the operations of which are dedicated to innovative programs that are in furtherance of, and consistent with, the Foundation's mission statement. In some cases, the Foundation's obligation to pay the grant funds is subject to the grantee's satisfaction of certain conditions or the occurrence of certain events. The Foundation recognizes grants as program expenses when paid, or when the Foundation has an unconditional obligation to pay the grant funds at a future date. As of December 31, 2011, grants totaling $75,000 have not been recognized in the accompanying financial statements because the related conditions had not been satisfied by the grantee.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when donor acknowledgements contain requests for contributions, joint costs are allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Advertising costs are expensed as incurred.

Tax Exempt Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Code, except for income taxes on unrelated business income. For the period from March 17, 2011 (inception) to December 31, 2011, the Foundation was not subject to any unrelated business income taxes. Contributions to the Foundation are tax deductible to donors under IRC Section 170.

The Foundation adopted the provisions of Accounting Standards Codification 740, Income Taxes, related to accounting for uncertain tax positions as of March 17, 2011 (inception). The Foundation files an exempt organization return in the United States federal jurisdiction and with the Franchise Tax Board in the State of California.

Supplemental Cash Flow Information

The Foundation paid no interest or income taxes during the period from March 17, 2011 (inception) to December 31, 2011.

Note 3 – Fair Value Measurements

The Foundation measures fair values using a three-level hierarchy of inputs established by GAAP. This hierarchy prioritizes the inputs used to measure fair value, and requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Foundation has access at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;

  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and,
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that the Foundation is required to measure at fair value (for example, in-kind contributions).

The primary use of fair value measures in the Foundation's financial statements is the recognition of in-kind contributions received from donors.

Note 4 – Related Party Transactions

Several of the Foundation's officers and directors are also officers, employees, or directors of Oakley. Three of the five members of the Foundation's board of directors are not affiliated with Oakley. Certain employees of Oakley provide services to the Foundation in various volunteer capacities, including fundraising and management activities. The Foundation paid no compensation to any of these persons during the period from March 17, 2011 (inception) to December 31, 2011.

Logo and Internet Domain Name

In 2011, Oakley developed the Infinite Hero logo. Oakley also created and registered the internet domain name *www.infinitehero.org*. Subsequently, the Foundation purchased the Infinite Hero logo and domain name from Oakley for $2,000.

Signature Product Agreement

Also in June 2011, the Foundation entered into a Signature Product Agreement with Oakley. Under this agreement, the Foundation granted Oakley a non-exclusive, non-transferable right to use the IHF Marks in connection with the manufacture, distribution and sale of limited edition models of certain Oakley eyewear, watches, apparel and accessories. In consideration for the use of the IHF Marks, Oakley agreed to pay royalties to the Foundation in an amount based on Oakley's net sales of Signature Products. The agreement has a three-year term and is subject to automatic termination if Oakley ceases to sell Signature Products.

For the period from March 17, 2011 (inception) to December 31, 2011, the Foundation earned royalties of $814,658 under the Signature Product Agreement with Oakley.

Trademark Agreement

In June 2011, the Foundation entered into a Trademark Usage Agreement with Oakley. Under this agreement, Oakley granted the Foundation a non-exclusive right to use the Oakley name and certain Oakley trademarks and logos (collectively, the "Oakley Marks") in connection with the IHF Marks. As compensation for the use of the Oakley Marks, the Foundation paid Oakley a one-time royalty of $8,000. The agreement has a three-year term and is cancellable by Oakley at any time, without cause, upon thirty days' prior written notice to the Foundation.

Advances from Oakley

During the period from March 17, 2011 (inception) to December 31, 2011, Oakley paid expenses totaling $25,431 on behalf of the Foundation. The Foundation repaid this amount to Oakley in 2011.

Note 5 – Concentrations of Risk

Amounts held in financial institutions exceeded the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits at December 31, 2011. The Foundation deposits its cash with high quality financial institutions, and management believes the Foundation is not exposed to significant credit risk on those amounts.

Approximately 91 percent of the Foundation's funding for the period from March 17, 2011 (inception) to December 31, 2011 consisted of royalties received from Oakley under the Signature Product Agreement.

Note 6 – Subsequent Events

Subsequent events have been evaluated through July5, 2012, the date these financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.