Dear Friends of Operation Homefront:

The year 2011 ended with a change that will have a profound impact on the American military, service members and their families -- and Operation Homefront. The U.S. withdrawal from Iraq meant a welcome reunion for many military families, and was only the start of a growing wave of returning veterans that will accelerate with the scheduled withdrawal from Afghanistan by 2013.

Considering our mission, it is fair to ask whether 2011 marked the beginning of the end for Operation Homefront. As we mark our 10-year anniversary, have we reached the end of our necessity? I have spent much of the past year discussing that question with our Board of Directors, our national staff, with Chapter Presidents, and with the highest-ranking leaders of our Armed Forces.

The conclusion we reached was that 2011 was not the beginning of the end, but rather – to paraphrase Prime Minister Churchill – the end of the beginning for Operation Homefront. Our Department of Defense is reducing its ranks and its budgets. As a result, we are undertaking fundamental analyses of our mission, our structure with Chartered Chapters, and benefit programs. Operation Homefront will continue to be flexible to meet the changing needs of military families, but we must actively manage the inevitable changes in our organization to meet those needs in the most effective and efficient manner possible that minimizes any gaps in service. I expect that next year’s edition of this report will reveal a remarkably transformed organization, but for the moment let me review what we’ve already seen.

Everyone associated with Operation Homefront can take tremendous pride in our achievements over the course of the year, and indeed celebrate our 10-year history. Thanks to the continued generosity of the American people, our staff and volunteers met over half a million needs of military families since our inception. As we prepare to transition into a post-war environment, we expect to see different kinds of needs, especially housing, employment, education, and wounded hero support. However, we project the level of demand for emergency assistance to hold steady for the foreseeable future.

Operation Homefront remains committed to being a good steward of our financial resources, with 94 percent of spending once again going to program services in 2011. We again received Charity Navigator’s top 4-star rating for the 5th consecutive year. Only four percent of the charities they rate maintain the honor for five consecutive years. We’ve also earned high ratings with the American Institute of Philanthropy and the Better Business Bureau.

Our financial position in 2011 remained strong. We finished 37% ahead of forecast for cash and 21% ahead for in-kind revenue. We are so thankful for our outstanding donors and their commitment to help our military families.

As you’ll read in greater detail in this report, last June we launched the Army Homefront Fund (AHF), a separate 501(c)(3) administered by Operation Homefront under an agreement with the U.S. Army. This Fund is a subset of our overall mission, which focuses specifically on wounded Soldiers. The Army has suffered 2/3 of all wounded in Iraq and Afghanistan, with almost all of the rest being borne by the Marine Corps. We continue to work closely with a key partner that specifically supports wounded Marines.

As we close the books on 2011 and “end the beginning” we look forward to the return of thousands more of our brave warriors to their loving families. In 2012 and beyond, we will serve them all in innovative new ways that honor their service and reflect our nation’s commitment to take care of its heroes.

Thank you, once again, for joining us in that commitment.

Sincerely,

Jim Knotts
President & CEO
Operation Homefront
Mission ▶ Operation Homefront provides emergency financial and other assistance to the families of our service members and wounded warriors.

Vision ▶ Through generous, widespread public support and a collaborative team of exceptional staff and volunteers, we aspire to become the provider of choice for emergency financial and other assistance to the families of our service members and wounded warriors. Where there is a need we do not provide, we will partner with others for the benefit of our military families.

Our Values ▶ Our values serve as fundamental principles that govern the behavior of our staff, volunteers, and Board members associated with Operation Homefront.

Our Values include:

- Honor, Patriotism and Service to Country
- Do What’s Right
- Respect Others
- Perform With Excellence

Demographics ▶ The majority of our clients, 99 percent, are the lowest-paid service members — the E1 through E6 enlisted ranks. The target population is American military personnel and/or their families who have unmet needs due to financial hardship, injury, or physical or mental detriment, or financial hardship as a result of service in Iraq or Afghanistan. These may include active duty, Reserve, National Guard and veteran service members. They are a diverse ethnic group: approximately 15 percent are African-American; five percent Asian-American; 25 percent Hispanic/Latino; five percent Native American; and 50 percent Caucasian. Roughly 96 percent live at an income level 80 percent below the median income for the communities in which they reside.

Financial Responsibility ▶ We believe in total transparency with our donors and volunteers, a partnership in responsibility, and a commitment to ethics.

Financial information, including audited financial statements and the most recent IRS tax filing (Form 990), are posted on the website at www.operationhomefront.net.

Revenue, Support, and Other:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>2011 Totals</th>
<th>2010 Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$5,941,457</td>
<td>$2,092,030</td>
<td>$8,033,487</td>
<td>$8,795,831</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>$16,540,156</td>
<td>—</td>
<td>$16,540,156</td>
<td>$15,675,766</td>
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<tr>
<td>Miscellaneous</td>
<td>5,504</td>
<td>5,504</td>
<td>11,008</td>
<td>11,280</td>
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<tr>
<td>Interest income</td>
<td>74,345</td>
<td>74,345</td>
<td>148,690</td>
<td>148,690</td>
</tr>
<tr>
<td>Special events, net</td>
<td>85,901</td>
<td>—</td>
<td>85,901</td>
<td>—</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,210,783</td>
<td>(1,210,783)</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Total Revenue, Support, and Other: $23,858,146 $881,247 $24,739,393 $24,515,485

Expenses:

- Program services: $23,355,945
- Membership and fundraising: $863,758
- Management and general: $569,895

Total Expenses: $24,789,598 $881,247 $24,799,896 $20,952,521

Change in Net Assets: $(931,452) $(50,205) $3,562,964

Net assets at beginning of year: $8,467,853 $1,279,026 $9,746,879 $6,183,915

Net Assets at End of Year: $7,536,401 $2,160,273 $9,696,674 $9,746,879


Operation Homefront Inc. Statement of Activities for the Year Ending on December 31, 2011

(with summarized financial information for the year ending on December 31, 2010)

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Our Mission

Services ▶ Operation Homefront provides direct services that alleviate a military family’s or individual’s emergency financial burden, as well as counseling and/or recovery support. Emergency financial assistance is in the form of grants (checks) paid directly to mortgage lenders, auto mechanics, contractors, hospitals, doctors, dentists and other providers. Other emergency assistance, which an applicant receives in 24 to 72 hours, includes:

- Emergency food
- Emergency home repairs
- Financial assistance
- Critical baby items: formula, food and diapers
- Vehicle repairs and vehicle donations
- Furniture and household items
- Transitional housing for wounded heroes and their families

The need is greater than ever for basic necessities like food, utilities and rent.

Across the nation with 23 chartered chapters serving 28 states. The national office handles cases in states with no active chapter.

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---

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Operation Homefront does not discriminate on the grounds of age, ethnicity, gender, religion, geography or physical limitations.

Financial Responsibility ▶ We believe in total transparency with our donors and volunteers, a partnership in responsibility, and a commitment to ethics.

Financial information, including audited financial statements and the most recent IRS tax filing (Form 990), are posted on the website at www.operationhomefront.net.

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History ▶ Operation Homefront, a 501(c)(3) organization, was formed in February of 2002, to support the families of deployed service members immediately following 9/11. Headquartered in San Antonio, Texas, Operation Homefront currently provides services to military families across the nation with 23 chartered chapters serving 28 states. The national office handles cases in states with no active chapter.
By the numbers: Operation Homefront’s impact in 2011

156,073 needs met for military families in 2011

*NOT INCLUDED IN TOTAL

- Tickets: 24,510
- Care packages: 4,688
  - Baby packs: 1,152
  - Computers: 278
- Wounded packages: 1,656
- Other: 29,874

- Iserved Stickers: 17,177
- Freedom Walks: 4,460

- 2,123 Easter Baskets
- 2,346 Thanksgiving Meals
- 3,621 Holiday Food Baskets
- 24,149 Holiday Toys

- 552 new members
- 844* total members
- 56 retreat attendees

- 171 needs met
- 160 needs met
- 54 needs met
- 49 needs met
- 30,077 needs met
- 1135 needs met

- 6,044 needs met
- 119 families
- 73 needs met
- 5 needs met

- Rent & Mortage: 356
- Car payments & Insurance: 193
- Utilities: 388
- Dental: 34
- Child care: 1
- Critical Baby Items: 146
- Travel: 135
- Other financial: 282
- Medical: 9

By the numbers:

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  - Baby packs: 1,152
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156,073 needs met for military families in 2011

*NOT INCLUDED IN TOTAL
Highlights of 2011

- Operation Homefront met 156,073 needs with a 280% increase of requests for food assistance over 2010, and 570% over 2008 levels.
- Back-to-school backpack distributions topped 30,000 for the first time ever.
- Provided transitional housing to 19 wounded hero families through Operation Homefront Villages. Opened a third Operation Homefront Village in Southern California near Camp Pendleton.
- Nearly doubled the number of Wounded Warrior Wives served through dedicated online and in-person support groups. Fifty-six spouses attended off-site retreats.
- Received the highest possible four-star rating from Charity Navigator for the 5th consecutive year, which is awarded to only four percent of charities.
- American Institute of Philanthropy gave Operation Homefront an “A” rating, and recognized Operation Homefront on its best-rated list of military charities.
- Operation Homefront had an efficiency rating of 94%, which means 94 percent of total revenue went directly to support Operation Homefront.
- Completed an agreement with the U.S. Army Warrior Transition Command, to create and administer the one-of-a-kind Army Homefront Fund with a focus of assisting wounded Soldiers during their recovery and transition to civilian life.
- Begun a partnership with Chase Bank to give homes to wounded heroes.
- Initiated a program with The Home Depot Foundation to complete repair, rehab and retrofit projects on homes of wounded heroes.
- Added to the Board of Directors fundraising author Laura Fredricks and real estate investor Ken Slater.

Operation Homefront was joined by First Lady Michelle Obama in recognizing the Military Child of the Year® Award winners. For the first time, the award was expanded to recognize one child from each of the military services, and the top five from each service were profiled in the book “Our Youngest Heroes;” published by Operation Homefront.

Donations are always needed to continue to our mission, and monthly support through Homefront Heroes ensures that our military service members and their families receive emergency assistance quickly and that our wounded heroes get the help they so desperately need.

Sources of Financial Support
- Individual Giving
- Corporations
- Foundations
- Other Revenue
- In-Kind Non-cash Contributions

Expenses
- Program services
- Membership and Fundraising
- Management and General

Homefront Heroes is Operation Homefront’s new Monthly Giving Club for donors who contribute via recurring gifts. Members of Homefront Heroes provide constant, reliable support to Operation Homefront, allowing a greater opportunity to proudly serve those who serve our country.

Donations are withdrawn automatically with an electronic check or through credit card transactions, making it effortless for members to give. All members of the Homefront Heroes program receive members-only communications, special recognition on our website and in our annual report, and a business card holder as our thank-you gift.

The following is a list of individuals who have generously donated to Operation Homefront and whose gifts have allowed us to provide a better life for our military service members and their families:

- Miller, Justin
- Maitretta, Toni Ann
- Mohan, Amrit
- Morris, Kenneth T.
- MTV Builders, Inc
- Mullin, John and Virginia
- Naš, David
- Nida, Joel
- O’Brien, Steven and Cynthia
- O’Conor, Margaret R.
- O’Keefe, Virginia
- Palmers, Joseph and Amy
- Pickett, Edward and Leach, Jan
- PVC Distributors
- Rakows, Brent
- Randl, David and Joanna
- Remmers-Smith, Susan
- Robertson, Carla
- Robinson, Steven D.
- Rouleau, Mark
- Ryan, Terrance and Mary Lynn
- Santana, Richard
- Sarkeese, Wayne

Donors are thanked in our annual report, and a business card holder as our thank-you gift.

Aknowledgment to our volunteers and staff:

- Aponte, Angel L. Sr.
- Beggett, Jason
- Berger, Cynthia Bell
- Berry, Timothy
- Brooks, Christopher N.
- Burdette, Duane
- Butler, John
- Byrd, Rachel
- Cammiles, Judith
- Cleveland, Allison
- Collister, Gregory
- Connor, Danzy
- Corkins, Kyle
- Creekent, Dey and Martha
- Crumley, K. Elizabeth
- Cusman, Carmen M.
- Donnem, Laurence and Teresa
- Emen, Joni
- Farrall, John G.
- Fisher, Teresa L.
- Forsythe, John T.
- Friest, Glenda
- Gallego, Robert
- Gilroy, Francis G.
- Graham L. Family Trust
- Greene, Sandra J.
- Grillo, Catherine and Gene
- Gross, Doug
- Harrick, Brian and Karen
- Harris, Lorraine M.
- Herrera, Marcos I.
- Heeraman, Kenneth
- Hilsman, Steven R.
- Holmes, Maureen
- Hunter, Natasha L.
- Impeduglia, Marco S.
- Jackson, Dennis J.
- Jones, Betty and Jerome
- Just, Anthony E and John
- Kortrowetz, Rosald S.
- Kuehnmann, Patrick S.
- Knotts, Jim and Lissandra
- Lennart, Anna A.
- Little, Wallace H. and Carla L.
- Lyons, Steve and Linda
- Magera, Louis
- Maysen, Jory and Sara
- Miller, Jeffrey
- Miller, Justin
- Maitretta, Toni Ann
- Mohan, Amrit
- Morris, Kenneth T.
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- Remmers-Smith, Susan
- Robertson, Carla
- Robinson, Steven D.
- Rouleau, Mark
- Ryan, Terrance and Mary Lynn
- Santana, Richard
- Sarkeese, Wayne

Sarnicino, Vicki and Dino
- Safflen, Patricia A.
- Sehnert, Kristi J.
- Simpson, Kimberly
- Smith, Jason
- Starkwade, M. Jo
- Stobie, Peter and Christine
- Strange, Ebonry and Patrick
- Styweilt, Nancy
- Tucker, Kevin
- Tucker, Terry D.
- Varnum, Patrick G.
- Vass, Jami
- Vidic, Richard
- Villamain, Billie J.
- Warden, Joan M.
- Warner, Joseph and Bethany
- Warner, Kris
- Warren, Matt and Amber
- White, Christine
- Wyatt, Michelle
- Young, Donald and Roberta
- Yazgour, Laura
For Fiscal Year ending December 31, 2011

Ackerman, Thomas
Adams, Dennis
Adams, Gregory Scott
Alden, Allen
Aldridge, Bannon, LLC
American Beverage, LLC
Andrews and Dorothy Cochrane Foundation
Angier, Frank and Maria
Armament, Robert
Armstrong, Arthur M.
Ashley Furniture Home Store
Austin, William and Victoria
Avon Products Foundation
Bachman Trucking, Inc.
BAE Systems - Armament Systems America
Baker, Lamar W.
Barnes, S. and Bob
Barnes, Gary and Eliza
Bardig, Andrew
Barnes, Rosebud
Barnes, Robert
Barnes, Wyatt
Barrett, Elizabeth
Bartlett and Associates, LLC
Barter, Robert
Bates, Albert
Bates, Jan
Bay, Mavis
Berdell, Tony
Belk, David
Belk, Patricia
Bencer, John
Bennett, J. Richard
Bennett, Linda
Berger, BarryE.
Bergen, Paul
Bergman and Associates
Bergmann, Gene
Bergner, Edward J.
Bergner, John
Bernstein, David
Bertelsmann, Thomas
Bertin, Kasey
Bertin, Tasler
Berry, David
Beverly, Mark
Bickel, Robert
Bickford, Ted
Bigley, Belinda
Bigrigg, Clark II
Birregaard, Herbert
Bismarck, John
Bittner, Mark
Blake, Christopher
Blair, David E.
Blair, David F.
Blair, Clint
Blair, Jonathan
Blair, Madison
Bland, Kim
Blatt, Michael
Blatt, John
Blatt, Laboratories
Blanchfield, John
Blazak, Kari
Blazak, Kari
Blau, Robert
Blegen, Rick
Blakesly, Bob
Blakesly, Michael
Blakesly, Michael
Black, Mavis
Black, Jay
Blanchard, Sarah
Blanchard, Terri
Blatchford, John
Blatt, Gary
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Blatter, Wesley
Blattner, Elizabeth B.
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Blattner, Elizabeth B.
Blattner, Elizabeth B.
Bley, Kim
Bley, Kim
Blomberg, Samuel
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