

AIR FORCE ENLISTED VILLAGE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

AIR FORCE ENLISTED VILLAGE, INC.
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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Air Force Enlisted Village, Inc.

Opinion

We have audited the accompanying financial statements of Air Force Enlisted Village, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Air Force Enlisted Village, Inc. (the "Village") as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements.

In performing our 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 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 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 the Village'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village'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.

Warren Averett, LLC

Fort Walton Beach, Florida
August 29, 2025

**AIR FORCE ENLISTED VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

ASSETS		
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,897,952	\$ 1,294,575
Investments	7,722,425	5,348,317
Accounts receivable	37,697	58,576
Pledges receivable, net of allowance of \$75,748 and \$75,460 as of June 30, 2025 and 2024, respectively	460,435	467,685
Other receivables	-	1,245,719
Due from Victory Village, Inc.	393,290	258,204
Prepaid expenses	575,906	661,346
Restricted assets		
Cash and cash equivalents	1,564,631	2,462,910
Investments	1,286,737	1,335,490
Total current assets	<u>13,939,073</u>	<u>13,132,822</u>
OTHER ASSETS	41,730	45,515
INTEREST RATE SWAP AGREEMENT	692,096	1,654,950
LAND HELD FOR DEVELOPMENT	5,457,115	5,457,115
LAND, BUILDINGS, AND EQUIPMENT, NET	<u>48,775,156</u>	<u>48,108,229</u>
TOTAL ASSETS	<u><u>\$ 68,905,170</u></u>	<u><u>\$ 68,398,631</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 197,373	\$ 554,021
Accrued payroll and related liabilities	413,771	344,296
Unearned revenue	103,186	96,951
Refundable advances	1,090,774	1,335,490
Other current liabilities	6,576	-
Current maturities of notes payable	<u>1,289,538</u>	<u>1,237,921</u>
Total current liabilities	3,101,218	3,568,679
LONG-TERM LIABILITIES		
Notes payable, less current maturities	<u>34,299,314</u>	<u>35,138,800</u>
TOTAL LIABILITIES	<u>37,400,532</u>	<u>38,707,479</u>
NET ASSETS		
Without donor restrictions	29,272,988	26,746,151
With donor restrictions	<u>2,231,650</u>	<u>2,945,001</u>
TOTAL NET ASSETS	<u>31,504,638</u>	<u>29,691,152</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 68,905,170</u></u>	<u><u>\$ 68,398,631</u></u>

See notes to the financial statements.

**AIR FORCE ENLISTED VILLAGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	2025 Total
OPERATING ACTIVITIES			
Public support, revenue, and reclassifications:			
Contributions	\$ 4,269,057	\$ -	\$ 4,269,057
Air Force related groups	17,359	-	17,359
Air Force Assistance Fund support	500,862	-	500,862
Other grants and contributions	311,051	20,100	331,151
Chapel donations	92,908	36,790	129,698
Resident service fees, net of subsidies of \$701,924	11,567,161	-	11,567,161
Miscellaneous	159,465	-	159,465
Net assets released from restrictions	770,241	(770,241)	-
Total operating support and revenue	<u>17,688,104</u>	<u>(713,351)</u>	<u>16,974,753</u>
Operating expenses			
Program services – residential complexes			
General and administrative	3,866,595	-	3,866,595
Operations and maintenance	6,443,871	-	6,443,871
Personal service	3,545,746	-	3,545,746
Total program services – residential complexes	<u>13,856,212</u>	<u>-</u>	<u>13,856,212</u>
Supporting services			
Fundraising	501,145	-	501,145
Administration	610,589	-	610,589
Pre-development	139,671	-	139,671
Total supporting services	<u>1,251,405</u>	<u>-</u>	<u>1,251,405</u>
Total operating expenses	<u>15,107,617</u>	<u>-</u>	<u>15,107,617</u>
Change in net assets from operating activities	<u>2,580,487</u>	<u>(713,351)</u>	<u>1,867,136</u>
NONOPERATING ACTIVITIES			
Investment income, including gains and losses	900,989	-	900,989
Gain on sale of equipment	12,000	-	12,000
Loss on change in fair value of interest rate swap agreements	(962,854)	-	(962,854)
Decrease in cash surrender value of life insurance	(3,785)	-	(3,785)
Change in net assets from nonoperating activities	<u>(53,650)</u>	<u>-</u>	<u>(53,650)</u>
CHANGE IN NET ASSETS	2,526,837	(713,351)	1,813,486
NET ASSETS AT BEGINNING OF YEAR	<u>26,746,151</u>	<u>2,945,001</u>	<u>29,691,152</u>
NET ASSETS AT END OF YEAR	<u>\$ 29,272,988</u>	<u>\$ 2,231,650</u>	<u>\$ 31,504,638</u>

See notes to the financial statements.

**AIR FORCE ENLISTED VILLAGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	2024 Total
OPERATING ACTIVITIES			
Public support, revenue, and reclassifications:			
Contributions	\$ 1,975,518	\$ -	\$ 1,975,518
Air Force related groups	15,314	-	15,314
Air Force Assistance Fund support	541,290	-	541,290
Other grants and contributions	709,290	10,000	719,290
Chapel donations	82,822	55,483	138,305
Employee retention tax credit	1,245,888	-	1,245,888
Resident service fees, net of subsidies of \$571,609	10,796,675	-	10,796,675
Miscellaneous	149,015	-	149,015
Net assets released from restrictions	555,783	(555,783)	-
Total operating support and revenue	16,071,595	(490,300)	15,581,295
Operating expenses			
Program services – residential complexes			
General and administrative	4,139,584	-	4,139,584
Operations and maintenance	6,528,958	-	6,528,958
Personal service	3,256,350	-	3,256,350
Total program services – residential complexes	13,924,892	-	13,924,892
Supporting services			
Fundraising	461,256	-	461,256
Administration	710,839	-	710,839
Pre-development	156,355	-	156,355
Total supporting services	1,328,450	-	1,328,450
Total operating expenses	15,253,342	-	15,253,342
Change in net assets from operating activities	818,253	(490,300)	327,953
NONOPERATING ACTIVITIES			
Investment income, including gains and losses	932,231	-	932,231
Capital grant - Victory Village	2,000,000	-	2,000,000
Gain on sale of equipment	23,300	-	23,300
Gain on change in fair value of interest rate swap agreements	264,901	-	264,901
Change in net assets from nonoperating activities	3,220,432	-	3,220,432
CHANGE IN NET ASSETS	4,038,685	(490,300)	3,548,385
NET ASSETS AT BEGINNING OF YEAR	22,707,466	3,435,301	26,142,767
NET ASSETS AT END OF YEAR	\$ 26,746,151	\$ 2,945,001	\$ 29,691,152

See notes to the financial statements.

**AIR FORCE ENLISTED VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services – Residential Complexes				Supporting Services				
	General and Administrative	Operations and Maintenance	Personal Service	Total Program Services	Fundraising	Administration	Pre- Development Expenses	Total Supporting Services	Total Expenses
Salaries, wages, and payroll expenses	\$ 1,729,213	\$ 1,157,991	\$ 2,902,266	\$ 5,789,470	\$ 196,903	\$ 244,914	\$ 107,095	\$ 548,912	\$ 6,338,382
Supplies	64,530	24,878	295,061	384,469	1,671	19,357	934	21,962	406,431
Telephone and utilities	63,443	417,905	-	481,348	-	21,010	-	21,010	502,358
Insurance	-	776,161	-	776,161	-	39,272	-	39,272	815,433
Interest	1,389,514	48,638	-	1,438,152	-	-	-	-	1,438,152
Travel and transportation	30,167	44,272	66,429	140,868	5,764	51,145	3,881	60,790	201,658
Licenses and fees	96,623	-	-	96,623	-	23,409	-	23,409	120,032
Printing and postage	1,752	-	-	1,752	80,068	751	11,462	92,281	94,033
Contractual services	360,049	87,326	49,744	497,119	69,653	22,521	-	92,174	589,293
Repairs and maintenance	-	1,213,284	26,376	1,239,660	-	9,431	-	9,431	1,249,091
Legal and accounting	50,969	-	-	50,969	-	26,950	-	26,950	77,919
Rent	-	-	-	-	8,238	-	-	8,238	8,238
Resident activities	-	-	205,870	205,870	-	-	-	-	205,870
Miscellaneous	80,335	21,817	-	102,152	138,848	114,412	16,299	269,559	371,711
Total expenses before depreciation	3,866,595	3,792,272	3,545,746	11,204,613	501,145	573,172	139,671	1,213,988	12,418,601
Depreciation	-	2,651,599	-	2,651,599	-	37,417	-	37,417	2,689,016
TOTAL EXPENSES	\$ 3,866,595	\$ 6,443,871	\$ 3,545,746	\$ 13,856,212	\$ 501,145	\$ 610,589	\$ 139,671	\$ 1,251,405	\$ 15,107,617

See notes to the financial statements.

**AIR FORCE ENLISTED VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services – Residential Complexes				Supporting Services				
	General and Administrative	Operations and Maintenance	Personal Service	Total Program Services	Fundraising	Administration	Pre- Development Expenses	Total Supporting Services	Total Expenses
Salaries, wages, and payroll expenses	\$ 1,772,868	\$ 1,051,980	\$ 2,585,587	\$ 5,410,435	\$ 213,247	\$ 207,053	\$ 109,474	\$ 529,774	\$ 5,940,209
Supplies	121,831	24,306	305,746	451,883	1,869	21,233	1,784	24,886	476,769
Telephone and utilities	68,105	414,766	-	482,871	-	19,895	225	20,120	502,991
Insurance	-	732,526	-	732,526	-	40,303	-	40,303	772,829
Interest	1,455,998	48,638	-	1,504,636	-	20,037	-	20,037	1,524,673
Travel and transportation	31,871	44,681	59,725	136,277	10,510	43,223	5,926	59,659	195,936
Licenses and fees	76,224	-	-	76,224	-	38,306	-	38,306	114,530
Printing and postage	1,873	-	-	1,873	72,230	802	12,324	85,356	87,229
Contractual services	501,632	248,642	52,109	802,383	54,844	47,367	(522)	101,689	904,072
Repairs and maintenance	-	1,320,229	13,420	1,333,649	-	7,669	-	7,669	1,341,318
Legal and accounting	43,713	-	-	43,713	-	32,713	-	32,713	76,426
Rent	-	-	-	-	11,315	-	-	11,315	11,315
Resident activities	-	-	239,763	239,763	-	-	-	-	239,763
Miscellaneous	65,469	17,305	-	82,774	97,241	198,715	27,144	323,100	405,874
Total expenses before depreciation	4,139,584	3,903,073	3,256,350	11,299,007	461,256	677,316	156,355	1,294,927	12,593,934
Depreciation	-	2,625,885	-	2,625,885	-	33,523	-	33,523	2,659,408
TOTAL EXPENSES	\$ 4,139,584	\$ 6,528,958	\$ 3,256,350	\$ 13,924,892	\$ 461,256	\$ 710,839	\$ 156,355	\$ 1,328,450	\$ 15,253,342

See notes to the financial statements.

AIR FORCE ENLISTED VILLAGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets from operating activities	\$ 1,867,136	\$ 327,953
Adjustments to reconcile change in net assets from operating activities to net cash flows from operating activities:		
Depreciation	2,689,016	2,659,408
Amortization of debt issuance costs	48,638	48,638
Contributions of marketable securities	(2,717,640)	-
Changes in operating assets and liabilities:		
Accounts receivable	20,879	(3,173)
Estate contributions receivable	-	1,812,050
Pledges receivable, net	7,250	(38,574)
Other receivables	1,245,719	(1,245,719)
Prepaid expenses	85,440	(8,826)
Accounts payable	(356,648)	149,623
Accrued payroll and related liabilities	69,475	20,921
Unearned revenue	6,235	(38,760)
Refundable advances	(244,716)	330,739
Other current liabilities	6,576	(70,907)
Net cash provided by operating activities	<u>2,727,360</u>	<u>3,943,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land, buildings, and equipment	\$ (3,355,943)	\$ (1,488,140)
Proceeds from sale of buildings and equipment	12,000	23,300
Purchase of land held for development	-	(5,457,115)
Purchase of investments	(5,709,050)	(1,758,540)
Proceeds from sales and maturities of investments	<u>7,002,324</u>	<u>1,105,805</u>
Net cash used in investing activities	<u>(2,050,669)</u>	<u>(7,574,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to affiliated organizations	(135,086)	(16,692)
Proceeds from issuance of debt	752,200	520,072
Finance lease principal payments	-	(7,818)
Principal payments of notes payable	(1,588,707)	(1,386,176)
Proceeds from capital grant - Victory Village	<u>-</u>	<u>2,000,000</u>
Net cash provided by (used in) financing activities	<u>(971,593)</u>	<u>1,109,386</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(294,902)</u>	<u>(2,521,931)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,757,485</u>	<u>6,279,416</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,462,583</u></u>	<u><u>\$ 3,757,485</u></u>

See notes to the financial statements.

AIR FORCE ENLISTED VILLAGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - unrestricted	\$ 1,897,952	\$ 1,294,575
Cash and cash equivalents - restricted	<u>1,564,631</u>	<u>2,462,910</u>
	<u><u>\$ 3,462,583</u></u>	<u><u>\$ 3,757,485</u></u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u><u>\$ 1,628,266</u></u>	<u><u>\$ 1,696,533</u></u>

See notes to the financial statements.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Air Force Enlisted Village, Inc. (the "Village") is a nonprofit charitable organization providing housing and other services to individuals who have met certain qualifications related to age and prior military service or affiliation.

The Village owns and operates two facilities directly related to its charitable function. These facilities are retirement centers known as Bob Hope Village, which opened in 1985, including an expansion that opened in 2015; and Hawthorn House, an assisted living facility which opened in 2005. All facilities are located in Okaloosa County, Florida, in proximity to Eglin Air Force Base. Costs of operating Bob Hope Village and Hawthorn House, which presently exceed amounts assessed to residents, are subsidized by the Village.

Basis of Presentation

The financial statements, which are presented on the accrual basis of accounting, present net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions.

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Village pursuant to imposed stipulations or by the passage of time. Net assets with donor restrictions consist of contributions received from the Air Force Assistance Fund (the "AFAF"), donations restricted for various programs and facilities, and cash surrender value of life insurance gifts.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are recognized. When a restriction expires, net assets without donor restrictions are reclassified to net assets and are reported in the statements of activities as net assets released from restrictions.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Village's ongoing activities. Nonoperating activities are limited to resources such as general return from investments, changes in cash surrender value of life insurance gifts and fair value of interest rate swap agreements, and other activities considered to be of a more unusual or nonrecurring nature.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are recorded at fair value on the date of donation and as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time of the acquisition of such long-lived assets.

Contributions

Contributions from the AFAF are specifically restricted as follows:

- Direct support for a military spouse in bona fide need (widow, widower, wounded warrior), including rent, maintenance, subsidies for apartments, emergency situations or expenses associated with relocating to an AFAF affiliated home.
- Fundraising administration (8% of funds), including printing, postage, and administrative staff, telephone service, etc., used to answer questions that concern the AFAF campaign.
- The annual AFAF campaign educational materials.
- Deposits to investment accounts for future affiliate income to support their stated purposes.
- Uses stipulated in separate Air Force instructions.

Direct support of widowed military spouses and fundraising administration are the Village's main use of AFAF contributions. These contributions are voluntarily withdrawn from the paychecks of active service personnel and distributed by the AFAF to the Village. Decreases in the number of active service employees could reduce the funds received by the Village. These contributions comprise the majority of the balance of contributions with donor restrictions. Additionally, net assets released from restriction represent the use of AFAF contributions for the purposes outlined above. All other contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenue Recognition

Revenues from service fees represent rental income and are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Village's performance obligations related to service fees are satisfied over time, daily on a pro-rata basis, as the services are provided to residents.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Grant Activities

The Village recognizes revenues from grant awards when all the eligibility requirements imposed by the grantor have been substantially met. The Village receives cash from certain grants before qualifying expenses are incurred. Refundable advances represent unspent grant proceeds that will be recognized as revenue in future periods when the donor-imposed conditions are substantially met.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with maturities at date of purchase of less than three months.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Contributions Receivable

The carrying amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all pledges receivable balances to determine the collectability of the pledge. After all attempts to collect on a pledge have been exhausted, the receivable is written off against the allowance. All pledges relate to amounts receivable from the AFAF and are due within one year.

Fair Value of Financial Instruments

Fair values for interest rate swaps are based on third-party pricing models or formulas using current assumptions and are disclosed in Notes 3 and 8.

Derivatives – The Village accounts for derivatives and hedging instruments in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*. ASC 815 requires the Village to recognize all derivatives as either assets or liabilities on the statement of financial position at fair value. Gains and losses resulting from changes in fair value must be recognized currently in changes in net assets without donor restrictions.

The Village's use of derivative instruments is limited to interest rate swap agreements used to modify the interest characteristics for a portion of its outstanding variable rate debt. In accordance with ASC 815, management has not designated these interest rate swaps as cash flow hedges.

Other Assets

Other assets reported by the Village are composed of various deposits, operating supplies, and the cash surrender value of officer life insurance premiums.

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Income Taxes

The Village has been granted an exemption from federal income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. The Village is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

The Village's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Methods Used for Allocation of Expenses from General and Administrative Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Village. Those expenses include salaries, wages, and payroll expenses, telephone and utilities, travel and transportation, contractual services, legal and accounting, and certain miscellaneous expenses which are allocated based on estimates of time and effort, as well as supplies, printing and postage and certain other miscellaneous expenses which are allocated based on estimates of time and costs of specified items utilized.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on net assets previously reported.

Subsequent Events

The Village has evaluated events and transactions that occurred between June 30, 2025, and August 29, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

2. INVESTMENTS

Investments are carried at fair value as determined by quoted market prices. Realized and unrealized gains and losses are reflected in the statements of activities. The Village's investments consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2025			
Equities			
Common stock	\$ 3,009,700	\$ 3,683,072	\$ 673,372
Mutual funds	2,362,482	2,483,518	121,036
Total equities	5,372,182	6,166,590	794,408
Fixed income			
U.S. Treasury securities	1,562,392	1,592,506	30,114
U.S. Government agency obligations	461,957	456,372	(5,585)
Corporate bonds	763,705	793,694	29,989
Total fixed income	2,788,054	2,842,572	54,518
Total investments	<u>\$ 8,160,236</u>	<u>\$ 9,009,162</u>	<u>\$ 848,926</u>
June 30, 2024			
Equities			
Common stock	\$ 1,892,266	\$ 2,321,912	\$ 429,646
Mutual funds	1,494,140	1,562,373	68,233
Total equities	3,386,406	3,884,285	497,879
Fixed income			
Negotiable certificates of deposit	1,025,403	1,000,000	(25,403)
U.S. Treasury securities	1,011,015	1,021,295	10,280
U.S. Government agency obligations	281,315	273,909	(7,406)
Corporate bonds	489,613	504,318	14,705
Total fixed income	2,807,346	2,799,522	(7,824)
Total investments	<u>\$ 6,193,752</u>	<u>\$ 6,683,807</u>	<u>\$ 490,055</u>

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Investment returns were as follows:

	Without Donor Restrictions
Year Ended June 30, 2025	
Dividends and interest	\$ 391,480
Net realized gain on investments	2,856,993
Unrealized loss on investments	(2,347,484)
Total return on investments	<u>\$ 900,989</u>
Year Ended June 30, 2024	
Dividends and interest	\$ 447,573
Net realized gain on investments	89,002
Unrealized gain on investments	395,656
Total return on investments	<u>\$ 932,231</u>

3. FAIR VALUE MEASUREMENTS

The Village uses the provisions of FASB ASC Topic No. 820, *Fair Value Measurements and Disclosures* (ASC 820), for the reporting of disclosures regarding fair value measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. The guidance establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset.

The Village utilizes various methods to measure fair value of its investments and liabilities on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of hierarchy are:

- Level 1: Inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived principally from or corroborated by observable market data.
- Level 3: Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed on the best information available in the circumstances.

AIR FORCE ENLISTED VILLAGE, INC.
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The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level of any input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an investment's assigned level as described above.

The following methods and assumptions were used to estimate the fair value for each class of investment, measured at fair value:

Common stock – Investments in common stock are measured at fair value using quoted market prices, when available. Common stock for publicly traded companies is classified as Level 1, as they are traded in an active market for which closing stock prices are readily available. Common stock for non-publicly traded companies is classified as Level 2 since they are not based on quoted prices as of the measurement date.

Mutual funds – Mutual funds and exchange-traded funds are classified as Level 2, as the value is based on the individual securities held by the fund as of the measurement date.

Negotiable certificates of deposit – Investments in negotiable certificates of deposit consist of money market instruments that are actively traded in secondary markets. They are classified as Level 1 as they are traded with sufficient frequency and volume to enable the Village to obtain pricing information on an ongoing basis.

U.S. Treasury securities and U.S. Government agency obligations – Investments in U.S. government and agency obligations are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Corporate bonds – Investments in corporate bonds are classified as Level 2 since they are based on the creditworthiness of the corporate issuer. Corporate bonds are traded with sufficient frequency and volume to enable the Village to obtain accurate pricing information on an ongoing basis.

Interest rate swap assets – Receive-fixed, pay-variable interest rate swap assets are classified as Level 2 since they are based on LIBOR rate, which is observable at commonly quoted intervals for the full term of the swap agreement.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

While the Village believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables present the financial instruments carried at fair value as of June 30, 2025 and 2024:

	Total Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2025 Assets				
Equities				
Common stock	\$ 3,683,072	\$ 3,618,895	\$ 64,177	\$ -
Mutual funds	2,483,518	-	2,483,518	-
Total equities	6,166,590	3,618,895	2,547,695	-
Fixed income				
U.S. Treasury securities	1,592,506	1,592,506	-	-
U.S. Government agency obligations	456,372	456,372	-	-
Corporate bonds	793,694	-	793,694	-
Total fixed income	2,842,572	2,048,878	793,694	-
Total investments at fair value	9,009,162	5,667,773	3,341,389	-
Interest rate swap	692,096	-	692,096	-
Total assets at fair value	<u>\$ 9,701,258</u>	<u>\$ 5,667,773</u>	<u>\$ 4,033,485</u>	<u>\$ -</u>

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
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	Total Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024 Assets				
Equities				
Common stock	\$ 2,321,912	\$ 2,287,157	\$ 34,755	\$ -
Mutual funds	1,562,373	-	1,562,373	-
Total equities	3,884,285	2,287,157	1,597,128	-
Fixed income				
Negotiable certificates of deposit	1,000,000	1,000,000	-	-
U.S. Treasury securities	1,021,295	1,021,295	-	-
U.S. Government agency obligations	273,909	273,909	-	-
Corporate bonds	504,318	-	504,318	-
Total fixed income	2,799,522	2,295,204	504,318	-
Total investments at fair value	6,683,807	4,582,361	2,101,446	-
Interest rate swap	1,654,950	-	1,654,950	-
Total assets at fair value	<u>\$ 8,338,757</u>	<u>\$ 4,582,361</u>	<u>\$ 3,756,396</u>	<u>\$ -</u>

4. EMPLOYEE RETENTION TAX CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the Village was eligible for a refundable employee retention tax credit ("ERC") for 2021 subject to certain criteria. In August 2023, the Village filed amended 2021 payroll tax returns for certain quarters to claim the ERC. The Village's total expected refund from the ERC refund claim was \$1,061,550. The Village received ERC refund payments totaling \$1,245,704 in September 2024, which included accrued interest of \$184,154. The Village's ERC refund and the related interest income have been included in other receivables in the accompanying statement of financial position as of June 30, 2024, and the related revenue was recognized in the accompanying statement of activities for the year ended June 30, 2024.

The 2021 ERC refund claims remain subject to audit by the IRS for an extended five-year period to allow the agency time to pursue improper claims. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of ERC refund claims which may be disallowed by the IRS cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

5. VICTORY VILLAGE

The Village has incurred certain planning, design, and pre-development expenses on behalf of Victory Village, Inc. ("Victory Village"), a 501(c)(3) public charity established for similar purposes as the Village. Victory Village is an affiliate of the Village, as it has common management but a separate governing board. As of June 30, 2025 and 2024, the Village was owed \$393,290 and \$258,204 from Victory Village, respectively.

During the year ended June 30, 2024, the Village was awarded a \$2,000,000 grant in the form of direct appropriations by the Florida Legislature through the Florida Department of Veterans' Affairs (the "FDVA") to fund a portion of the purchase of approximately 80 acres of land from the U.S. Government. The Village closed on the land and acquired the deed in June 2024 for a total purchase price of \$5,457,115. The land shall be developed for use as a senior residential housing development, which is consistent with the mission of Victory Village. The Village intends to contribute the land to Victory Village in a future year. The land acquired for Victory Village and held for development has been reported separately from other property and equipment in the accompanying statements of financial position as of June 30, 2025 and 2024.

The deed for the Victory Village land held for development restricts use of the property to the operation of independent-living and assisted-living units for veterans or their surviving spouses. The deed also includes a reversionary interest clause, which states that if the Village fails to meet certain requirements related to the construction and development of Victory Village within 20 years, then the title and interest in the property shall revert to the U.S. Government. In addition, the Village cannot sell the land to a third party without the express authorization of the U.S. Government.

6. LAND, BUILDINGS, AND EQUIPMENT

In 1978, Congress passed legislation conveying approximately 79 acres of land at Eglin Air Force Base, Florida, to the Village. The legislation provided that in the event the land was not used for its designated purpose as a site for a retirement facility, the property would revert to the United States government. The construction of Bob Hope Village satisfied this requirement. However, the facility must continue to operate as a retirement facility, or the land and buildings will revert to the United States government.

In 1988, Congress amended the legislation and allowed the Village to purchase an additional 46 acres of land, contiguous to the land conveyed in 1978. The construction of the administration building in 1992 fulfilled the designated purpose restriction. The same long-term restrictions apply.

In December 2011, the United States Air Force released the land on which the Village operates, and which is described in the paragraphs above, from certain operating restrictions. The restriction was modified to provide that if the land is sold, leased or otherwise disposed of within 40 years after expiration of the ten-year period per the original deed documents, then all rents, proceeds, revenues and consideration received shall be reinvested in Foundation purposes on the remaining property or similar properties owned by the Foundation.

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Land, buildings and equipment acquisitions are stated at cost. The Village's capitalization policy requires applicable costs be recorded as land, buildings and equipment when amounts equal or exceed \$5,000. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, which range from three to 39 years.

The following is a summary of land, buildings and equipment, at historical cost, as of June 30:

	2025	2024
Land	\$ 2,136,073	\$ 681,920
Landscaping	1,208,557	1,208,557
Office buildings	801,206	782,442
Bob Hope Village and Hawthorn House buildings	74,048,196	72,399,642
Miscellaneous structures	2,218,255	2,172,011
Office and building furnishings, appliances and equipment	4,958,320	4,890,720
Vehicles and other equipment	1,207,853	1,203,026
Construction in progress	1,173,370	1,080,792
	87,751,830	84,419,110
Less accumulated depreciation	38,976,674	36,310,881
	<u><u>\$ 48,775,156</u></u>	<u><u>\$ 48,108,229</u></u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$2,689,016 and \$2,659,408, respectively.

7. REFUNDABLE ADVANCES

Refundable advances are comprised of unspent private grant funds from the Bob and Dolores Hope Foundation (the "Hope Foundation"). The funds are to be used for upkeep, maintenance, and preservation of the Dolores Hope All Faiths Chapel, the Bob Gates Welcome Center, and the Garden of Hope. The grant does not require unspent funds to be held in a separate bank account, and since the revenue is not earned, it is not a component of net assets. Given the donor-imposed restrictions on the use of grant funds, the Village has reported the unspent proceeds as restricted assets in the accompanying statements of financial position.

The Village expended \$244,716 and \$669,261 on qualifying grant expenses during the year ended June 30, 2025 and 2024, respectively. The Village reported unspent Hope Foundation grant funds of \$1,090,774 and \$1,335,490 as of June 30, 2025 and 2024, respectively.

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

8. NOTES PAYABLE

Notes payable are summarized as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Note payable to a bank, annually calculated monthly payments plus interest through December 2040, variable interest rate equal to 30 day SOFR plus 145.8 basis points (5.05% as of June 30, 2025), interest calculated at swapped fixed rate of 3.86%, collateralized by real estate.	\$ 16,118,965	\$ 16,825,325
Note payable to a bank, monthly interest only payments through November 2020, then annually calculated monthly payments plus interest through December 2048, variable interest rate equal to 30 day SOFR plus 145.8 basis points (5.05% as of June 30, 2025), interest calculated at swapped fixed rate of 3.93%, collateralized by real estate.	19,306,338	19,424,493
Note payable to a specialty contractor, monthly payments of \$25,867, including interest at 11.00%, matures August 2025, unsecured.	51,031	-
Financed insurance policies, monthly payments of \$41,775, including interest at 6.39%, matures March 2026.	375,975	-
Financed insurance policies, monthly payments of \$48,778, including interest at 6.99%, matured March 2025.	-	438,998
Notes payable	35,852,309	36,688,816
Less unamortized debt issuance costs	<u>(263,457)</u>	<u>(312,095)</u>
Notes payable, less unamortized debt issuance costs	35,588,852	36,376,721
Less current maturities	<u>1,289,538</u>	<u>1,237,921</u>
Notes payable, less current maturities and unamortized debt issuance costs	<u>\$ 34,299,314</u>	<u>\$ 35,138,800</u>

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Scheduled maturities of notes payable are as follows:

Fiscal Years Ending June 30,

2026	\$ 1,289,538
2027	896,703
2028	937,590
2029	980,072
2030	1,026,614
Thereafter	<u>30,721,792</u>
Total	<u><u>\$ 35,852,309</u></u>

The terms of the Village's long-term debt provide for certain financial covenants. On June 30, 2025, management believes that the Village was in compliance with these covenants.

Interest Rate Swap Agreements

The Village entered into two interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate long-term debt. On June 30, 2025, the swap agreements with a commercial bank had notional principal amounts of \$16,126,818 and \$19,302,148. In accordance with ASC 815, management has not designated the interest rate swap agreements as cash flow hedges. The fair values of the swaps are reported as assets in the financial statements. The fair value of the interest rate swap agreements decreased by \$962,854 and increased by \$264,901 for the years ended June 30, 2025 and 2024, respectively, and are presented as nonoperating activities in the accompanying statements of activities. The interest rate swap agreements mature in December 2040. The Village is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Village does not anticipate nonperformance by the counterparties.

9. NET ASSETS

Net assets without donor restrictions, but subject to self-imposed restrictions as designated by the Board of Directors, as of June 30, consist of the following:

	<u>2025</u>	<u>2024</u>
Reserve for future capital expenditures	<u><u>\$ -</u></u>	<u><u>\$ 2,650,104</u></u>

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Net assets with donor restrictions, available for specified purposes, consist of the following as of June 30:

	2025	2024
Air Force Assistance Fund program	\$ 1,747,172	\$ 2,500,893
Victory Village development	20,100	-
Chapel donations	453,757	416,967
Cash surrender value of life insurance	10,621	14,406
Other purposes	-	12,735
	<u>\$ 2,231,650</u>	<u>\$ 2,945,001</u>

For the years ended June 30, net assets were released from restrictions for the following purposes:

	2025	2024
Air Force Assistance Fund program	\$ 753,721	\$ 545,648
Cash surrender value of life insurance	3,785	-
Other purposes	12,735	10,135
	<u>\$ 770,241</u>	<u>\$ 555,783</u>

10. LIQUIDITY

Financial assets available for general expenditures within one year of the statement of financial position date are as follows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 1,897,952	\$ 1,294,575
Investments	7,722,425	5,348,317
Accounts receivable	37,697	58,576
Other receivables	-	1,245,719
	<u>\$ 9,658,074</u>	<u>\$ 7,947,187</u>

The Village's financial assets have been reduced by amounts which are not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

11. RETIREMENT PLAN

The Village sponsors a defined contribution plan that covers employees who have reached the age of 18 and completed one year of service of at least 1,000 hours. The plan is subject to provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Participants may contribute a percentage of their annual compensation to the plan not to exceed the limits allowable by the Internal Revenue Service ("IRS"). The Village may elect to make contributions to the plan annually on behalf of the participant equal to 100% of the participant's contribution up to 3% of annual compensation, plus 50% of the participant's contribution of the net 2% of annual compensation. The Village made contributions to the plan of \$87,067 and \$79,189 for the years ended June 30, 2025 and 2024, respectively.

12. RENTAL SUBSIDIES AND COSTS OF PERSONAL SERVICES

Bob Hope Village and Hawthorn House provide housing to eligible residents at rental rates which the Village believes are somewhat lower than comparable market rental rates. The Village further subsidizes rental costs to residents based on each resident's ability to pay and provides certain personal services, including local transportation, recreation and other program services, at no cost to the residents. Housing units are leased to residents on a month-to-month basis.

Rental subsidies and the costs of personal services provided, as reflected in the statements of activities are summarized as follows:

	2025	2024
Rental subsidies	\$ 701,924	\$ 571,609
Cost of personal services provided	3,545,746	3,256,350
	<u>\$ 4,247,670</u>	<u>\$ 3,827,959</u>

13. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time the Village is a defendant in legal actions in connection with its normal business activities. The aggregate effect of any losses in excess of insurance coverage maintained by the Village, in management and outside counsel's opinion, would not be significant to the Village's financial condition.

Grants

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the FDVA. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

**AIR FORCE ENLISTED VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Concentration of Custodial Credit Risk

The Village's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. As of June 30, 2025 and 2024, the Village exceeded the FDIC insured limits at financial institutions by approximately \$1.6 million and \$3.1 million, respectively, which is the amount of the Village's exposure to credit loss. The Village has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

Contract Commitments

The Village has entered into various contracts for facility, consulting and other professional services through April 2029. The terms of the contracts call for aggregate monthly payments of approximately \$38,000.

Future minimum payments under the contract commitments are as follows:

Fiscal Years Ending June 30

2026	\$ 223,695
2027	192,249
2028	195,717
2029	<u>25,506</u>
	<u><u>\$ 637,167</u></u>

As of June 30, 2025 and 2024, outstanding commitments on architectural and engineering contracts for the Village totaled approximately \$918,000. No work was performed on the contracts during the fiscal year ended June 30, 2025.

14. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to volunteers. The Village purchases commercial insurance policies from third-party underwriters for property, auto, inland marine, workers' compensation, volunteer accident, and equipment breakdown insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

In April 2024, the Village purchased a membership interest in a member-owned reciprocal risk retention group (the "RRRG") specializing in senior care and housing to protect against risk of loss through the reciprocal exchange of indemnity, insurance or reinsurance contracts. The RRRG issues non-assessable policies or contracts to its members, and members shall have no liability beyond their charter capital account for excess claims pursuant to any insurance policy or reinsurance contract issued by the RRRG. Under the terms of the membership agreement, the Village is required to make an initial capital contribution of \$110,330. The initial capital contribution installment of \$22,066 was made in April 2024, and an additional installment of \$29,422 was made in November 2024.

**AIR FORCE ENLISTED VILLAGE, INC.
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The remaining balance of \$58,842, is due in two equal annual payments due November 2025 and November 2026. The Village reports its investment in the RRRG at amortized cost.

During the year ended June 30, 2025, the Village purchased general liability insurance coverage and directors and officers ("D&O") insurance coverage through its participation in the RRRG. Settled claims from these risks did not exceed the insurance coverage for the year ended June 30, 2025.

15. SUBSEQUENT EVENTS

Issuance of Revenue Bonds

In August 2025, the Village entered into an agreement with the Okaloosa County Board of County Commissioners (the "County") to issue Industrial Development Revenue Bonds, Series 2025, in the amount of \$85,000,000. The County in its capacity as a conduit issuer will sponsor the issuance of the bonds on behalf of the Village. The Village will be responsible for servicing the debt on the bonds and has agreed to fully indemnify the County from all liability related to the Series 2025 Bonds.

The proceeds from the bonds will be used to fully repay the outstanding revenue notes that were issued in 2018, as well as to finance the acquisition and construction of Bob Hope Village No. 7, a 51-unit independent living facility on the Village's existing campus. The Village's gross revenues have been pledged to secure the bonds. As of the date of this report, the Village has not completed the final closing on the bonds, which is scheduled to be completed in September 2025.