

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

OPERATION HEALING FORCES, INC.

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Operation Healing Forces, Inc.

Opinion

We have audited the accompanying financial statements of Operation Healing Forces, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 Operation Healing Forces, Inc. as of December 31, 2025, and the changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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

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

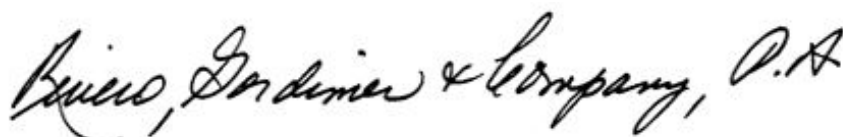
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited Operation Healing Forces, Inc.'s 2024 financial statements, and our report dated March 16, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tampa, Florida
March 16, 2026



Operation Healing Forces, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2025
(With comparative totals for 2024)

ASSETS	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 2,504,091	\$ 2,455,099
Current portion of pledges receivable, net	-	10,000
Prepaid expenses	<u>11,400</u>	<u>50,000</u>
Total current assets	2,515,491	2,515,099
Property and equipment, net	51,226	51,016
Operating lease right of use asset, net	218,250	327,198
Security deposits	<u>12,720</u>	<u>12,720</u>
TOTAL ASSETS	<u>\$ 2,797,687</u>	<u>\$ 2,906,033</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 123,335	\$ 125,849
Current portion of operating lease liability	<u>134,432</u>	<u>130,528</u>
Total current liabilities	<u>257,767</u>	<u>256,377</u>
Noncurrent liabilities		
Non-current portion of lease liability	<u>102,557</u>	<u>220,145</u>
Total non-current liabilities	<u>102,557</u>	<u>220,145</u>
Total liabilities	<u>360,324</u>	<u>476,522</u>
Net assets		
Net assets without donor restrictions		
Operating	1,583,674	1,368,275
Board designated	<u>853,689</u>	<u>811,236</u>
Total net assets without donor restrictions	2,437,363	2,179,511
Net assets with donor restrictions	<u>-</u>	<u>250,000</u>
Total net assets	<u>2,437,363</u>	<u>2,429,511</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,797,687</u>	<u>\$ 2,906,033</u>

The accompanying notes are an integral part of this statement.

Operation Healing Forces, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2025
(With comparative totals for 2024)

	Without donor restrictions	With donor restrictions	Total	
			2025	2024
PUBLIC SUPPORT AND REVENUE				
Public support				
Cash contributions	\$ 3,348,568	\$ -	\$ 3,348,568	\$ 3,739,388
Noncash contributions	2,348,502	-	2,348,502	1,312,306
Total public support	<u>5,697,070</u>	<u>-</u>	<u>5,697,070</u>	<u>5,051,694</u>
Other revenue				
Special events, net	1,221,876	-	1,221,876	794,896
Investment return, net	33,265	-	33,265	34,615
Miscellaneous income	268	-	268	2,872
Total other revenue	<u>1,255,409</u>	<u>-</u>	<u>1,255,409</u>	<u>832,383</u>
Net assets released from donor restrictions	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>7,202,479</u>	<u>(250,000)</u>	<u>6,952,479</u>	<u>5,884,077</u>
EXPENSES				
Program services				
Therapeutic retreats	3,966,279	-	3,966,279	2,844,567
SOAR and other	1,863,782	-	1,863,782	1,514,781
Total program services	<u>5,830,061</u>	<u>-</u>	<u>5,830,061</u>	<u>4,359,348</u>
Supporting services				
Management and general	506,103	-	506,103	390,930
Fundraising and development	608,463	-	608,463	673,143
Total supporting services	<u>1,114,566</u>	<u>-</u>	<u>1,114,566</u>	<u>1,064,073</u>
Total expenses	<u>6,944,627</u>	<u>-</u>	<u>6,944,627</u>	<u>5,423,421</u>
Changes in net assets	257,852	(250,000)	7,852	460,656
Net assets at beginning of year	<u>2,179,511</u>	<u>250,000</u>	<u>2,429,511</u>	<u>1,968,855</u>
Net assets at end of year	<u>\$ 2,437,363</u>	<u>\$ -</u>	<u>\$ 2,437,363</u>	<u>\$ 2,429,511</u>

The accompanying notes are an integral part of this statement.

Operation Healing Forces, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025
(With comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 7,852	\$ 460,656
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	16,455	12,910
Operating lease right-of-use lease amortization	108,948	97,228
Operating lease right-of-use lease liability principal payments	(113,684)	(99,895)
Decrease in pledges receivable	10,000	76,500
Decrease (increase) in prepaid expenses	38,600	(28,994)
Decrease in accounts payable and accrued expenses	(2,514)	(35,380)
Total adjustments	<u>57,805</u>	<u>22,369</u>
Net cash provided by operating activities	<u>65,657</u>	<u>483,025</u>
Cash flows from investing activities		
Sales of investments	-	247,510
Purchase of property and equipment	<u>(16,665)</u>	<u>(16,119)</u>
Net cash (used) provided by investing activities	<u>(16,665)</u>	<u>231,391</u>
Cash and cash equivalents at beginning of year	<u>2,455,099</u>	<u>1,740,683</u>
Cash and cash equivalents at end of year	<u>\$ 2,504,091</u>	<u>\$ 2,455,099</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Operation Healing Forces, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025
(With comparative total for 2024)

	Program Services			Supporting Services			Total 2025	Total 2024
	Therapeutic Retreats	SOAR and Other	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services		
Salaries	\$ 560,296	\$ 470,419	\$ 1,030,715	\$ 218,456	\$ 234,682	\$ 453,138	\$ 1,483,853	\$ 1,292,479
Payroll taxes and benefits	58,383	49,018	107,401	22,763	24,454	47,217	154,618	146,042
Total salaries and related expenses	618,679	519,437	1,138,116	241,219	259,136	500,355	1,638,471	1,438,521
Retreat expenses	2,798,590	-	2,798,590	-	-	-	2,798,590	1,785,724
SOAR program expenses	-	1,291,020	1,291,020	-	-	-	1,291,020	1,093,761
Travel and lodging	376,380	7,754	384,134	16,101	119,056	135,157	519,291	557,404
Printing and copying	4,795	222	5,017	6,507	20,528	27,035	32,052	90,001
Professional fees	-	-	-	105,576	111,880	217,456	217,456	42,174
Website	27,442	1,307	28,749	32,161	24,828	56,989	85,738	68,175
Occupancy	76,313	33,754	110,067	17,611	19,078	36,689	146,756	141,043
Supplies and equipment	6,677	1,276	7,953	16,209	5,562	21,771	29,724	31,312
Donor recognition	2,846	-	2,846	1,354	9,350	10,704	13,550	13,771
Telephone	2,585	-	2,585	1,775	-	1,775	4,360	5,423
Postage	6,366	1,114	7,480	2,388	6,048	8,436	15,916	14,633
Insurance	-	-	-	7,261	-	7,261	7,261	9,766
Conferences and meetings	37,770	119	37,889	32,917	3,351	36,268	74,157	40,637
Miscellaneous	2,899	2,842	5,741	19,430	28,659	48,089	53,830	78,166
Total expenses before depreciation expense	3,961,342	1,858,845	5,820,187	500,509	607,476	1,107,985	6,928,172	5,410,511
Depreciation expense	4,937	4,937	9,874	5,594	987	6,581	16,455	12,910
Total expenses	\$ 3,966,279	\$ 1,863,782	\$ 5,830,061	\$ 506,103	\$ 608,463	\$ 1,114,566	\$ 6,944,627	\$ 5,423,421

The accompanying notes are an integral part of this statement.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization and Activities

Operation Healing Forces, Inc., formerly Operation Cruise, Inc. (the "Organization") is a not-for-profit, tax-exempt corporation formed in 2011. The mission of the Organization is to serve the needs of active-duty and recent-veteran wounded, ill, and fallen Special Operations Forces ("SOF") and their families by starting or continuing the process of mentally, physically and emotionally healing in preparation to return to the fight or transition successfully into civilian life.

Through therapeutic retreats, the Organization's purpose is to enable these war-torn men, women and families to break through the silence to openly discuss their battlefield and personal hardships. A safe, protected environment allows our participants to let their guard down and share. Realizing they are not alone, participants discover it is appropriate - and not a stigma - to seek help, support, and guidance when needed from fellow SOF professionals and their families. The retreat environment combined with peer-to-peer counseling and recreational therapies enable sincere bonding between couples, with other spouses going through similar hardships, and among fellow SOF service members.

Through the Special Operations Additional Resources ("SOAR" or "Immediate Needs") program, the Organization provides crisis support to SOF service members, spouses, and their families. The program covers travel and expenses related to medical emergencies for service members, Veterans, and their families, medical and adaptive equipment not covered by government means, funeral and memorials costs not covered by government means including family travel, relief or respite care for full-time caregivers, one-time financial assistance related to transition or employment opportunities including travel, and other as needed crisis support for families including emergency financial support.

In 2025, the Organization, in an exclusive partnership with HatchPath, continued to offer no-cost access to health coaches tailored to meet the specific needs of SOF members and their families. This trusted resource provides seamless access to personalized support and holistic solutions, helping individuals and families achieve their wellness goals.

Additional programs the Organization provides include: SOF Caregiver and Spouse Retreats, Financial Planning, Legal Assistance, and Employment Services.

Operation Healing Forces' vision is that all returning SOF are able to reclaim happy, productive, and fulfilling lives.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Accounting

The accompanying financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See Note G for more information on liquidity and availability of assets.

4. Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents.

5. Pledges Receivable

Pledges receivable represent unconditional promises to give by donors that are expected to be collected within one year and are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded as pledges receivable at the present value of estimated future cash flows after an allowance for estimated uncollectible contributions is provided. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. There was no allowance for uncollectible pledges at December 31, 2025.

6. Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

7. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets ranging from three to seven years. The Organization capitalizes all purchases that exceed \$2,500.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Contributions

Contributions, including unconditional promises to give, are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

9. Noncash Contributions

Material in-kind items used in the program (e.g., equipment, supplies, etc.) are recorded as income and expense at the time the items are placed into service or distributed.

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills.

In addition, the Organization received significant contributions of time from its Directors and unpaid volunteers for fundraising activities and other services to the Organization. The value of this contributed time is not reflected in these statements since no objective basis is available to measure the value of these services.

10. Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs, general and administrative, and fundraising expenses based on the proportion of employee time involved.

11. Income Tax Status

The Organization has received a determination of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2022 remain subject to examination by federal and state taxing authorities.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

13. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are primarily cash and money market funds. The Organization's cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. The Organization has not experienced any losses in its cash deposits and does not believe it is exposed to any significant credit risks related to uninsured amounts. The Organization had cash in excess of FDIC insurance coverage of approximately \$2.0 million at December 31, 2025.

14. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

NOTE B - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2025 is as follows:

Office and computer equipment	\$ 100,374
Less accumulated depreciation	<u>(49,148)</u>
Total property and equipment	<u>\$ 51,226</u>

Depreciation expense was \$16,455 for the year ended December 31, 2025.

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE C - LEASES

The Organization has a non-cancellable operating lease agreement for office space. The lease commencement date was November 1, 2022, and the remaining term of the lease is 1.8 years. In accordance with ASC 842, *Leases*, the Organization recorded an operating lease right of use asset and lease liability of \$556,510, which is the net present value of future minimum lease payments at the time the lease was signed using a discount rate of 6%, the incremental borrowing rate at the time the lease was signed.

The right of use operating lease asset is amortized using the straight-line method over the lease term. The right of use operating lease assets consists of the following as of December 31, 2025:

Operating lease right of use asset	\$ 556,510
Less accumulated amortization	<u>(338,260)</u>
	<u>\$ 218,250</u>

Future minimum payments under the operating lease agreement are as follows:

Year ending December 31,:

2026	\$ 134,432
2027	<u>114,926</u>
Total future minimum payments	249,358
Interest expense	<u>(12,369)</u>
Lease liability	<u>\$ 236,989</u>

NOTE D - SPECIAL EVENTS

The Organization conducts special events for the purpose of raising money for annual operations. Special event revenue for the year ended December 31, 2025 was as follows:

Direct special event revenue	\$ 533,636
Contributions derived from special events	<u>1,029,951</u>
	1,563,587
Less direct expenses	<u>(341,711)</u>
Total special event revenue, net	<u>\$ 1,221,876</u>

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE E - NET ASSETS

1. Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

The Organization's net assets without donor restrictions consists of the following at December 31, 2025:

Undesignated	\$ 1,583,674
Board designated for operating reserve	<u>853,689</u>
Total net assets without donor restrictions	<u><u>\$ 2,437,363</u></u>

2. Net Assets Released from Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of the passage of time or other events specified by donors. The Organization released approximately \$250,000 of net assets with donor restrictions during the year ended December 31, 2025 due to release of programmatic restrictions.

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the date of the financial statements of financial position for general expenditure are as follows:

Cash and cash equivalents	<u>\$ 2,504,091</u>
Total financial assets available within one year	<u>2,504,091</u>
Amounts unavailable to management without Board's approval:	
Board designated:	<u>853,689</u>
Total amounts unavailable to management without Board's approval	<u>853,689</u>
Total financial assets available to management for expenditure within one year	<u><u>\$ 1,650,402</u></u>

Operation Healing Forces, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has financial assets available to management in an amount that is close to current year expenses, indicating that the Organization has the ability to meet its expected expenditures within one year.

The Organization's Board of Directors has the ability to designate net assets without donor restrictions that could be made available for current operations if necessary.

NOTE G - RELATED PARTY TRANSACTIONS

The Organization received approximately \$1.3 million of cash contributions and approximately \$316,000 of noncash contributions from ten members of the Board of Directors during the year ended December 31, 2025.

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2025 as of March 16, 2026 which is the date the financial statements were available to be issued.