

JOBSOHIO

(A Component Unit of the State of Ohio)

Basic Financial Statements

March 31, 2026

(With Independent Auditor's Review Report Thereon)

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Independent Auditor's Review Report

Board of Directors
JobsOhio

Results of Review of Interim Financial Information

We have reviewed the accompanying statement of net position of JobsOhio (the Entity), a component unit of the State of Ohio, as of March 31, 2026, and the related statements of revenues, expenses, and changes in net position for the three-month and nine-month periods then ended and cash flows for the nine-month period then ended, and the related notes (collectively referred to as the interim financial information).

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Emphasis of Matter—Restatement

As discussed in Note 2(aa) to the financial statements, the July 1, 2025 opening capital assets, net, net position – unrestricted and net position – net investment in capital asset balances have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Interim Financial Information

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the interim financial information. Such information is the responsibility of management and, although not a part of the interim financial information, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the interim financial information in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the interim financial information, and other knowledge we obtained during our review of the interim financial information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Cleveland, Ohio
June 5, 2026

JOBSONHIO

(A Component Unit of the State of Ohio)

Management's Discussion and Analysis (unaudited)

March 31, 2026 and 2025

(In thousands)

The management of JobsOhio offers this narrative overview and analysis of the financial activities of JobsOhio and its component units, JobsOhio Growth Capital ("JOGC"), Green Jobs Properties ("GJP"), and JobsOhio Beverage System ("JOBS"), for the nine months ended March 31, 2026 and 2025. The information presented in this overview and analysis should be considered in conjunction with JobsOhio's basic financial statements, which follow this management discussion and analysis.

Overview of the Financial Statements

JobsOhio is a 501(c)(4) non-profit organization formed under chapters 1702 and 187 of the Ohio Revised Code to promote economic development, job creation, job retention, job training, and the recruitment of business to the state of Ohio ("State"). JobsOhio is the sole member of JobsOhio Growth Capital, which makes debt and equity investments in companies with operations in Ohio. JobsOhio is also the sole member of Green Jobs Properties, which owns a warehouse. JobsOhio is also the sole member of the JobsOhio Beverage System, which operates the franchise for the sale of spirituous liquor throughout the State. The purchase was financed in fiscal year 2013 by JOBS' issuance of \$1,510,685 of special obligation bonds.

JobsOhio Growth Capital ("JOGC") was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purposes and activities of JobsOhio.

Green Jobs Properties ("GJP") was formed as a nonprofit limited liability company on September 11, 2020, pursuant to and in accordance with the LLCA, with JobsOhio as the sole member. The purpose of GJP is to own and lease a warehouse and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purposes and activities of JobsOhio.

The activities of JobsOhio are accounted for on a fiscal year basis, comprising 12 calendar months ending June 30 of each year. These activities are accounted for as an enterprise fund, reporting all financial activity, assets, and liabilities using the accrual basis of accounting. Financial statements prepared by JobsOhio include its blended component units, JOGC, GJP, and JOBS, and include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows and the related notes. This information is also presented by entity in the notes to basic financial statements.

The statement of net position provides information about assets and liabilities and reflects the financial position at period and fiscal year-end. The statement of revenues, expenses, and changes in net position reports the revenue activity and the expenses related to such activity for the quarter and current fiscal year to date. The statement of cash flows outlines the cash inflows and outflows for the current fiscal period to date. These statements provide current and long-term information about JobsOhio's financial position.

The financial statements also include notes that provide additional information essential to a full understanding of the information provided in the statements.

JOB SOHIO
(A Component Unit of the State of Ohio)

Management's Discussion and Analysis (unaudited)

March 31, 2026 and 2025

(In thousands)

Financial Summary

Net Position

	March 31, 2026	June 30, 2025
Assets:		
Cash and cash equivalents	\$ 212,095	\$ 352,171
Investments at fair value	926,529	866,823
Loans receivable, net	174,738	168,300
Other assets	116,796	128,863
Other long-term investments	131,794	127,582
Capital assets, net	776,239	796,233
Total assets	2,338,191	2,439,972
Deferred outflow of resources:		
Deferred outflow on bond refunding	5,270	-
Deferred outflow of hedging derivative instruments	50	587
Total deferred outflow of resources	5,320	587
Liabilities:		
Accounts payable and current accrued liabilities	493,705	444,668
Current portion of bonds, notes, and lease obligations	74,732	122,501
Long-term accrued liabilities	171,617	134,399
Long-term portion of bonds, notes, and lease obligations	1,194,421	1,286,954
Other long-term liabilities	2,923	3,176
Total liabilities	1,937,398	1,991,698
Deferred inflow of resources		
Deferred inflow on bond refunding	19,884	-
Total deferred inflow of resources	19,884	-
Net position:		
Net investment in capital assets	(227,687)	23,546
Unrestricted	613,916	425,315
Total net position	\$ 386,229	\$ 448,861

JOB SOHIO
(A Component Unit of the State of Ohio)

Management's Discussion and Analysis (unaudited)

March 31, 2026 and 2025

(In thousands)

Revenues, Expenses, and Changes in Net Position

The following is a summary of revenues, expenses, and changes in net position for the nine months ended March 31, 2026 and 2025:

	Nine Months Ended March 31, 2026	Nine Months Ended March 31, 2025
Operating revenues:		
Net liquor sales	\$ 1,225,427	\$ 1,283,957
Distribution center revenue	6,239	6,145
Interest income - loans	4,765	3,943
Fees and other	367	266
Total operating revenues	1,236,798	1,294,311
Operating expenses:		
Liquor sales related expenses	861,547	903,177
Economic development programs and purchased services	279,502	120,053
Other operating expenses	128,916	129,098
Supplemental Payment	32,018	55,462
Amortization	19,220	36,469
Total operating expenses	1,321,203	1,244,259
Operating income (loss)	(84,405)	50,052
Other nonoperating revenues (expenses):		
Bond interest, net	(34,256)	(40,040)
Bond issuance costs	(4,189)	-
Investment income	56,023	43,433
Other, net	4,195	5,998
Total other nonoperating revenues	21,773	9,391
Change in net position	(62,632)	59,443
Net position, beginning of period	448,861	336,198
Net position, end of period	\$ 386,229	\$ 395,641

JOB SOHIO
(A Component Unit of the State of Ohio)

Management's Discussion and Analysis (unaudited)

March 31, 2026 and 2025

(In thousands)

Detailed Analyses

Total assets decreased 4% in the nine months ended March 31, 2026 from \$2,439,972 in the fiscal year ended June 30, 2025 to \$2,338,191 in the nine months ended March 31, 2026. The decrease was primarily due to a decrease in cash, which was a result of paying the annual Supplemental Payment and biannual bond interest payments.

Total liabilities decreased 3% in the nine months ended March 31, 2026 from \$1,991,698 in the fiscal year ended June 30, 2025 to \$1,937,398 in the nine months ended March 31, 2026. The decrease was primarily due to a decrease in accrued liabilities due to paying the annual Supplemental Payment to the State as well as the biannual bond interest payments.

Based on the activities to date, net position decreased 14% for the nine months ended March 31, 2026, from a net position of \$448,861 in the fiscal year ended June 30, 2025 to a net position of \$386,229 as of the nine months ended March 31, 2026.

In the nine months ended March 31, 2026, the Entity corrected the presentation of intangible assets, lease assets, and subscription assets by consolidating the beginning balances as one caption called capital assets, net and corrected the classification of net investment in capital assets and unrestricted net position. Capital assets, net as presented previously on the statement of net position increased by \$721,819 from a balance of \$74,414 to a balance of \$796,233 and net investment in capital assets changed from \$23,546 to (\$274,896) and unrestricted net position from \$425,315 to \$723,757. See note (2)(aa) for more information.

Total operating revenues decreased 4% in the nine months ended March 31, 2026 from \$1,294,311 in the nine months ended March 31, 2025 to \$1,236,798 in the nine months ended March 31, 2026. This decrease was primarily due to decreased liquor sales.

Total operating expenses increased 6% in the nine months ended March 31, 2026 from \$1,244,259 in the nine months ended March 31, 2025 to \$1,321,203 in the nine months ended March 31, 2026. The increase was primarily due to the increase in economic development programs and purchased services due to the execution of large grant agreements.

Total other nonoperating revenues and expenses increased 132% in the nine months ended March 31, 2026 from \$9,391 in the nine months ended March 31, 2025 to \$21,773 in the nine months ended March 31, 2026. This increase was primarily due to increased investment income due to market performance.

Based on the activities to date, the Entity experienced a decrease in net position of \$62,632 in the nine months ended March 31, 2026, resulting in a net position of \$386,229. For the nine months ended March 31, 2025, there was an increase in net position of \$59,443.

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Management's Discussion and Analysis (unaudited)

March 31, 2026 and 2025

(In thousands)

The Franchise and Transfer Agreement ("Transfer Agreement") calls for JOBS to pay the State an annual "Supplemental Payment" as additional consideration for the liquor enterprise when profits of the franchise exceed a predetermined level. The Supplemental Payment to the State is based upon a formula specified in the Transfer Agreement and is paid based on results of the fiscal year. In accordance with this provision, JOBS recorded Supplemental Payment expense of \$32,018 and \$55,462 for the nine months ended March 31, 2026 and 2025, respectively.

During each of the nine months ended March 31, 2026 and 2025, JobsOhio received grants and contributions from JOBS totaling \$210,000 and \$195,000, respectively. These grants comprise funding from operating income of the liquor franchise by JOBS.

The primary source of revenue for the Entity was proceeds from the retail and wholesale sale of spirituous liquor in the state of Ohio.

Significant Capital Asset and Long-Term Financing Activity

Capital assets decreased by 3% in the nine months ended March 31, 2026 from \$796,233 in the fiscal year ended June 30, 2025 to \$776,239 in the nine months ended March 31, 2026. The decrease was due to standard depreciation and amortization. There were no significant additions or disposals. Refer to note (3)(a)4 of the notes to the basic financial statements for further information on capital assets.

Long-term debt decreased by 7% in the nine months ended March 31, 2026 from \$1,286,954 in the fiscal year ended June 30, 2025 to \$1,194,421 in the nine months ended March 31, 2026. The decrease was primarily due to the repayment of the revolving note and debt service payments. Refer to note (3)(b)6 of the notes to the basic financial statements for further information on long-term debt.

On September 27, 2024, Moody's Investors Service upgraded the Entity's outstanding revenue bond ratings to Aa2 from Aa3, affecting the \$1,386,185 of outstanding bonds (Series 2013B, Series 2020A, and Series 2023). The Series 2013B and Series 2020A bonds are rated "AA+" by the Standard & Poor's Ratings Services, which was upgraded from "AA" on January 17, 2020. The Series 2025A and 2025B bonds were given ratings of Aa2 by Moody's Investor Service and "AA+" by Standard & Poor's Rating Services. This represents the Entity's bonded debt outstanding as of March 31, 2026.

On November 13, 2025, the Entity issued special obligation tax-exempt revenue refunding and new money bonds in the amount of \$502,705 and special obligation taxable revenue refunding bonds in the amount of \$94,395. See note (3)(b)6 for additional information.

Currently Known Facts, Decisions, or Conditions

No currently known facts, decisions, or conditions to report.

Requests for Information

This report is designed to provide a general overview of JobsOhio's finances. The report of its component unit JOBS is issued separately by that corporation. Questions concerning information presented in this report should be addressed to Todd Bunce, Managing Director, Accounting and Finance, at bunce@jobsohio.com.

JOBSOHIO
(A Component Unit of the State of Ohio)

Statement of Net Position

(Unaudited)

(In thousands)

March 31, 2026

Assets:

Current assets:

Cash and cash equivalents - unrestricted	\$ 71,108
Cash and cash equivalents - restricted	140,987
Investments at fair value	926,529
Inventory	96,916
Loans receivable, net	11,282
Accounts receivable, net	16,149
Prepaid expenses	3,731
Total current assets	<u>1,266,702</u>

Long-term assets:

Other long-term investments, net of loss allowance	131,794
Loans receivable, net	163,456
Capital assets, net	776,239
Total long-term assets	<u>1,071,489</u>
Total assets	<u>2,338,191</u>

Deferred outflow of resources:

Deferred outflow on bond refunding	5,270
Deferred outflow of hedging derivative instruments	50
Total deferred outflow of resources	<u>5,320</u>

Liabilities:

Current liabilities:

Accounts payable	46,532
Accrued liabilities - current portion	447,173
Special obligation bonds payable - current portion	56,720
Bond interest payable	13,316
Lease liability - current portion	2,930
Subscription liability - current portion	724
Note payable - current portion	1,042
Total current liabilities	<u>568,437</u>

Long-term liabilities:

Accrued liabilities	171,617
Special obligation bonds payable	1,137,523
Lease liability	7,000
Port authority bond reserve	2,873
Note payable	49,898
Derivative instruments - interest rate swap	50
Total long-term liabilities	<u>1,368,961</u>
Total liabilities	<u>1,937,398</u>

Deferred inflow of resources

Deferred inflow on bond refunding	19,884
Total deferred inflow of resources	<u>19,884</u>

Net position:

Net investment in capital assets	(227,687)
Unrestricted	613,916
Total net position	<u>\$ 386,229</u>

See accompanying notes to financial statements.

JOB SOHIO
(A Component Unit of the State of Ohio)

Statement of Revenues, Expenses, and Changes in Net Position

(Unaudited)

(In thousands)

	Three Months Ended	Nine Months Ended
	March 31, 2026	March 31, 2026
Operating revenues:		
Net liquor sales	\$ 360,439	\$ 1,225,427
Distribution center revenue	1,805	6,239
Interest income - loans	1,636	4,765
Fees and other	112	367
Total operating revenues	363,992	1,236,798
Operating expenses:		
Cost of goods sold	215,478	732,764
Sales commissions	22,212	75,872
Liquor gallonage taxes	11,726	39,332
Amortization of intangible asset - liquor franchise	6,406	19,220
Service fees	4,526	13,579
Supplemental Payment	9,172	32,018
Loss on investments	4,401	12,192
Economic development programs	176,417	253,495
Salaries and benefits	10,288	25,335
Economic development purchased services	4,904	13,815
Professional services	9,942	28,992
Insurance	274	793
Administrative and support	6,878	21,485
Marketing	17,998	52,311
Total operating expenses	500,622	1,321,203
Operating loss	(136,630)	(84,405)
Other nonoperating revenues (expenses):		
Bond interest, net	(11,973)	(34,256)
Bond issuance costs	(10)	(4,189)
Investment income	(1,555)	56,023
Other, net	877	4,195
Total other nonoperating revenues (expenses):	(12,661)	21,773
Change in net position	(149,291)	(62,632)
Net position, beginning of period	535,520	448,861
Net position, end of period	\$ 386,229	\$ 386,229

See accompanying notes to financial statements.

JOB SOHIO
(A Component Unit of the State of Ohio)

Statement of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended March 31, 2026
Cash flows from operating activities:	
Receipts from fees and other	\$ 4,015
Receipts from customers	1,225,200
Receipts from suppliers	6,564
Payments to employees	(25,565)
Payments to suppliers	(836,891)
Payments for economic development programs	(139,853)
Receipts for economic development programs	17,042
Payments for commissions	(83,069)
Receipts from sales taxes	74,143
Payments for sales tax collections to State and county	(74,799)
Payments for gallonage tax collections to State	(39,567)
Payments for servicing fees	(8,342)
Payments for Supplemental Payment to State	(69,250)
Payments for property tax	(66)
Net cash provided by operating activities	49,562
Cash flows from noncapital financing activities:	
Payments for other nonoperating expenses	(55)
Bond issuance proceeds	272,227
Payments for redemption of bonds	(297,817)
Payments for bond issuance costs	(1,796)
Payments for bond interest	(13,255)
Net cash used in noncapital financing activity	(40,696)
Cash flows from capital and related financing activities:	
Bond issuance proceeds	381,777
Payments for redemption of bonds	(57,651)
Payments for bond issuance costs	(2,392)
Payment to refunded bond escrow agent	(330,992)
Payments for bond principal	(55,050)
Payments for bond interest	(35,047)
Payments for note payable principal	(745)
Payments for note payable interest	(2,272)
Receipts on interest rate swap	138
Acquisition of capital assets	(1,339)
Payments for capital assets	(12,622)
Receipts from revolving note	25,000
Payments for revolving note	(45,792)
Net cash used in capital and related financing activities	(136,987)
Cash flows from investing activities:	
Purchases of direct equity investments	(14,866)
Conversion of loans to equity	(398)
Proceeds from loan conversion	8
Dividends and interest income	52,080
Purchases of investments	(126,980)
Proceeds from maturities of investments	78,201
Net cash used in investing activities	(11,955)
Net decrease in cash and cash equivalents	(140,076)
Cash and cash equivalents, beginning of period	352,171
Cash and cash equivalents, end of period	\$ 212,095
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$ (84,405)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization of intangible asset - liquor franchise	19,220
Depreciation and amortization expense	10,799
Decrease in loans	335
Decrease in loan valuation allowance	(6,773)
Loans converted to equity	(3,893)
Loss on investments	12,184
Interest expense	3,478
Decrease in inventory	4,385
Decrease in receivables, net of allowance for doubtful accounts	894
Decrease in prepaid expenses	6,765
Decrease in accounts payable	(1,322)
Increase in port authority bond fund	284
Increase in accrued liabilities	87,611
Total adjustments	133,967
Net cash provided by operating activities	\$ 49,562
Noncash capital and related financing activities:	
Purchases of capital assets on account	\$ 819

See accompanying notes to financial statements.

JOBSONHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

(Unaudited)

(In thousands)

(1) Unaudited Financial Statements

The financial information included in these financial statements is unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows for the period presented have been made on a consistent basis.

These financial statements should be read in conjunction with the financial statements and notes contained in JobsOhio's audited financial statements for the year ended June 30, 2025.

(2) Summary of Significant Accounting Policies

(a) Organization

JobsOhio was formed as a nonprofit corporation under the laws of the state of Ohio ("State") and was established to encourage business development in the State. JobsOhio was incorporated on July 5, 2011, as a nonprofit corporation under Chapters 1702 and 187, Revised Code, to promote economic development, job creation, job retention, job training, and the recruitment of business to Ohio. JobsOhio is governed by a Board of Directors appointed by the Governor of Ohio. In accordance with Governmental Accounting Standards Board ("GASB") Codification Section 2100: *Defining the Financial Reporting Entity*, JobsOhio's financial statements are included, as a discretely presented component unit, in the State's Annual Comprehensive Financial Report.

The accompanying financial statements include the accounts of JobsOhio Growth Capital ("JOGC"), Green Jobs Properties ("GJP"), and JobsOhio Beverage System ("JOBS"), its component units (collectively the "Entity"). JOGC, GJP, and JOBS are considered blended component units of JobsOhio.

JOGC was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purpose and activities of JobsOhio.

GJP was formed as a nonprofit limited liability company on September 11, 2020, pursuant to and in accordance with the LLCA, with JobsOhio as the sole member. The purpose of GJP is to own and lease a warehouse and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purposes and activities of JobsOhio.

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(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

(Unaudited)

(In thousands)

JOBSON is governed by a Board of Directors appointed by JobsOhio as the sole member of JOBS. JOBS, previously known as the Ohio Business Development Coalition (“OBDC”), was incorporated on June 3, 2004, as a nonprofit corporation under Chapter 1702, Revised Code, for the promotion of business and economic development in the State. On July 6, 2011, by action of its Board of Directors, the OBDC amended its Articles of Incorporation to transfer control of OBDC to JobsOhio. The Internal Revenue Service determined that JOBS qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code for federal income tax purposes.

On February 1, 2013, JOBS effected a major change in its business model, acquiring an exclusive 25-year franchise for the sale of spirituous liquor in the state of Ohio to fund economic development activities by JobsOhio, its sole member. On February 12, 2025, the Ohio Controlling Board approved an agreement between JobsOhio and the Ohio Office of Budget and Management which effectuated a 15-year extension of the JobsOhio Beverage System’s liquor franchise term. As a result, the termination date of the franchise is 40 years from February 1, 2013. See Note (2)(u), below, for information on this transaction.

The accounting policies and financial reporting practices of JobsOhio, JOGC, GJP, and JOBS conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units.

(b) Basic Financial Statements

As a special-purpose primary reporting entity engaged only in business-type activities, JobsOhio presents financial statements required for enterprise funds. For such entities, the basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to basic financial statements.

(c) Measurement Focus and Basis of Accounting

The Entity reports its financial statements using the economic resources measurement focus (i.e., full accrual) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(d) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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.

(e) Cash and Cash Equivalents

Cash equivalents include all demand deposits with commercial banks and money market accounts, as well as all short-term, highly liquid investments that are readily convertible to cash and all short-term debt

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Notes to Basic Financial Statements

(Unaudited)

(In thousands)

securities purchased with an original maturity of three months or less. Cash equivalents include money market investment funds in overnight investments and certificate of deposits with maturities of three months or less.

(f) *Restricted Cash*

In accordance with a Master Trust Indenture and related agreements associated with JOBS' bond issuances, separate restricted accounts are required to be established. Assets held in these accounts are restricted for specific uses, including debt service and other special reserve requirements.

(g) *Investments at Fair Value*

Investments are reported at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Accordingly, changes in fair value are included in change in net position in the period in which the change occurs.

(h) *Other Long-Term Investments*

Other long-term investments represent equity holdings in unrelated companies. These holdings were direct equity investments or originally recognized as loan receivable balances and converted to investments upon borrowers achieving certain criteria. Other long-term investments are carried at cost at time of purchase, less the allowance for equity investment losses.

(i) *Allowance for Equity Investment Losses*

The allowance for equity investment losses is established, as necessary, based on past experience and other factors. Management's estimate considers such factors as portfolio company reporting, communication with portfolio companies, and communication with other co-investors. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary. At March 31, 2026, the amount of allowance for equity investment losses was \$0, and is reported in the Entity's statement of net position as part of "other long-term investments, net of loss allowance".

(j) *Inventory*

The Entity's inventory of spirituous liquor consists of inventory withdrawn from bailment for shipment to agency stores, inventory in transit in commercial carriers, and inventory in agency stores. Inventory is valued at the lower of cost or net realizable value with costs determined using the first-in, first-out method ("FIFO"). The costs of liquor product, warehouse services, and transportation services are reported as part of merchandise inventory and are charged to cost of goods sold as product is sold.

In the business model used by the Entity, spirituous liquor inventory is purchased at warehouses, transported by freight companies under contract to the Entity, and delivered to agency stores. Although the freight companies and the agency stores contractually assume the risk of loss, the ultimate risk of loss remains with

JOB SOHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

(Unaudited)

(In thousands)

the Entity. Legal title to the inventory is held by the Entity to the point of sale by the agency stores, which collect sale proceeds as agents for the Entity and make daily remittances to the Entity. A commission for the sales is subsequently paid to the agency stores by the Entity.

In regard to a subset of agency stores known as “interim agency stores,” under the terms of the Franchise and Transfer Agreement (“Transfer Agreement”), at the point inventory is delivered to an interim agency store, title to such inventory transfers to the Ohio Division of Liquor Control on a cost-free basis. However, the economic substance of such transactions does not differ from that for regular agency stores. On the basis of the Entity’s contractual rights and the status of the interim agency stores as agents of the Entity, such inventory is considered an asset of the Entity, is reported as inventory on the Entity’s statement of net position, and upon sale the cost of such inventory is included in cost of goods sold. Inventory at interim agency stores as of March 31, 2026 was \$14,741.

(k) Loans Receivable

Loans are carried at the unpaid principal balance outstanding, less the allowance for estimated loan losses. They are included in current assets, except for maturities greater than twelve months after the statement of net position date, which are classified as long-term assets.

(l) Allowance for Loan Losses

The allowance for loan losses is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating loan losses. Management’s estimate considers such factors as the payment history of the loans, guarantees, historical loss experience, and overall economic conditions. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary based on changes in economic conditions. At March 31, 2026, the amount of allowance for loan losses was \$11,677, and is reported in the Entity’s statement of net position as part of “loans receivable, net”.

(m) Accounts Receivable, Net

Accounts receivable are reported at the actual outstanding balance, less the allowance for uncollectable accounts. Interest is not accrued on overdue receivables.

(n) Allowance for Uncollectable Accounts

The allowance for uncollectable accounts is established, as necessary, based on past experience and other factors which, in management’s judgment, deserve current recognition in estimating future uncollectable accounts. Management’s estimate considers such factors as inventory reconciliation and historical experience. Based on the review of the factors, an amount is calculated, and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary. At March 31, 2026, the amount of allowance for uncollectable accounts

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was \$12,008 and is reported in the Entity's statement of net position as part of "accounts receivables, net".

(o) Prepaid Expenses

Payments to vendors representing costs applicable to future accounting periods are recorded as prepaid expenses in the financial statements. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

(p) Capital Assets, Net

Net capital assets include non-depreciable capital assets, depreciable capital assets, lease assets, subscription assets, and intangible assets.

Depreciable capital assets, which include property and equipment, are reported in the basic financial statements. The Entity defines depreciable capital assets as assets with an expected useful life of one year or more from the time of acquisition and a cost of five thousand dollars or more. Such assets are recorded at historical cost, less accumulated depreciation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Software	3 – 5 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	Lesser of 10-year amortization period or lease term
Equipment	3 – 10 years
Building	40 years

Lease and subscription assets are included as part of capital assets. At commencement of an arrangement term, JOBS recognizes a liability and a capital asset. The liability is measured at the present value of future payments using the interest rate implicit in the arrangement or JOBS' incremental borrowing rate. The capital asset is initially measured as the liability plus any payments made at or before commencement and certain direct costs, reduced for any incentives received. Payments are allocated between a reduction of the liability and interest expense over the term. The capital asset is amortized on a straight-line basis over the term.

The intangible asset represents both an exclusive franchise for the sale of spirituous liquor in the State, as well as a trademarks for the OHLQ logos and slogans. The liquor franchise is amortized on a straight-line basis over the term of the franchise. The original franchise term of 25 years was updated to 40 years effective February 2025.

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(q) Net Position

Net position is displayed in three components as follows:

- Net investment in capital assets – represents capital assets, net of accumulated depreciation less the outstanding balances of bonds, notes, and other borrowings used to acquire, construct, or improve those assets.
- Restricted – consists of net position that is legally restricted externally by creditors, contributors, laws, or regulations or internally by enabling legislation.
- Unrestricted – consists of net position that does not meet the definition of net investment in capital assets or restricted.

The Entity's restricted assets relate to the debt service and other amounts owed as required by the debt service agreements and are reported as part of "cash and cash equivalents – restricted" on the statement of net position. However, such amounts are always less than or equal to the liabilities that are used in the calculation of the restricted assets. As a result, the restricted component of net position, as defined above, would be negative or zero, and it would be irrelevant to present this line separately if the balance is negative (deficit) or zero.

(r) Classification of Revenues and Expenses

Revenues and expenses are classified as operating or nonoperating and are recognized in the period received. Under the Entity's definition:

- "Operating revenues" includes all revenues resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as rebates on those sales. Included are revenues for services performed in the distribution centers related to receiving and preparing product for distribution, as well as loan application fees and loan interest.
- "Operating expenses" includes all expenses resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as costs that support economic development activities.

All revenues and expenses not meeting these definitions are reported as other nonoperating revenues and expenses.

The Entity has loan and grant programs for private businesses in the State to support economic development. For the nine months ended March 31, 2026, the Entity issued grants for such purposes,

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reported in the Entity's statement of revenues, expenses, and changes in net position as "economic development programs" expense.

As part of the loan program, the Entity charges applicants an application fee, which is used to offset the cost of having a loan agreement drafted by outside counsel. The Entity also charges an annual service fee, which is used to offset the administrative management of the loan. Total revenue from application fees and service fees received during the three and nine months ended March 31, 2026 was \$40 and \$141, respectively. Revenue from application and service fees are included in the Entity's statement of revenues, expenses, and changes in net position as "Fees and other."

(s) *Deferred Outflows/Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that is applicable to a future reporting period and, therefore, will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period and, therefore, will not be recognized as an inflow of resources until that time. Deferred outflows are reported in a separate section in the statement of net position after assets and deferred inflows are reported in a separate section in the statement of net position after liabilities. Deferred outflows and deferred inflows are recorded and subsequently recognized in a systematic and rational manner over the periods to which the amounts relate.

(t) *Risk Management/Insurance*

The Entity is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Entity procures commercial insurance policies for commercial crime, management liability, directors' and officers' liability, employment practices, automobile liability, employers' liability, general liability, crime, and property. No claims have been submitted against the Entity since its incorporation and no liabilities have been identified or recorded. It is the Entity's policy that liabilities are to be reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Since no claims have been submitted, settled claims have not exceeded commercial coverage.

(u) *Liquor Franchise*

On February 1, 2013, the Entity and the State, through the Ohio Department of Commerce and the Ohio Office of Budget and Management, entered into a Transfer Agreement. Under the terms of the Transfer Agreement, the Entity purchased from the State an exclusive franchise for the sale of spirituous liquor throughout the State. In return, the Entity transferred cash to the State and committed to Supplemental Payments (described below), to the State based upon sales of spirituous liquor by the Entity. Pursuant to the Transfer Agreement, the Entity will receive all gross revenue from the distribution, merchandising, and sale of spirituous liquor in the State.

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The liquor franchise established by the Transfer Agreement and subsequently amended by the First Amendment to the Franchise and Transfer Agreement terminates 40 years from February 1, 2013. During the term of the franchise, the Entity is responsible for operating the “Liquor Business,” as that term is defined in the Transfer Agreement, while the State will, under contract with the Entity, perform merchandising as a contract service, and will retain all liquor regulatory functions.

“Supplemental Payments,” are payments to the State based upon a formula specified in the Transfer Agreement. Beginning with the fiscal year ended June 30, 2014, if “Liquor Business Profits,” as that term is defined in the Transfer Agreement, for a fiscal year exceed a threshold amount of Liquor Business Profits set for that fiscal year (Base Franchise Profits (\$378,147 for fiscal year ended June 30, 2026)), then the Entity is required to make a cash payment to the State equal to 75 percent of the amount by which Liquor Business Profits exceed Base Franchise Profits. Total Supplemental Payment expense of \$9,172 and \$32,018 for the three and nine months ended March 31, 2026, respectively.

The Entity also contemporaneously contracted with the Ohio Department of Commerce for the continued operation and management of the Liquor Business under an Operations Services Agreement (“Services Agreement”). Under the Services Agreement, the Ohio Department of Commerce will provide ongoing operations, management, and administrative services related to the Liquor Business. Covered services include administrative support, tax support and reporting, information technology, agency operation and review, merchandise marketing and advertising, real property leasing, and management. Total service fees expense in the three and nine months ended March 31, 2026, was \$4,526 and \$13,579, respectively.

Contemporaneously with the execution of the Transfer Agreement and the Services Agreement, special obligation revenue bonds were issued by the Entity under the provisions of a Master Trust Indenture and first and second Supplemental Trust Indentures, dated February 1, 2013 (collectively referred to as the “Indenture”) between the Entity and Argent Institutional Trust (“Trustee”). The bonds and any additional obligations are paid solely from the Trust Estate, which consists primarily of the Liquor Business Profits, the Revenue Fund, the Tax Fund, the Debt Service Fund, and Supplemental Payment Reserve Fund, maintained by the Trustee. The bonds are special, limited obligations of the Entity, payable solely from assets held in the Trust Estate, and are not general obligations of the Entity or the State.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds established by the Indenture are restricted for payments of tax related to the sale of liquor, operating expenses of the Liquor Business, debt service, and Supplemental Payments to the State.

(v) Use of Restricted and Unrestricted Resources

In the event that the Entity is to fund outlays for a particular purpose from both restricted and unrestricted resources, in order to calculate the amounts to report as restricted and unrestricted net position in the

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financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Entity's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(w) *Compensated Absences*

The Entity provides no paid time off to part-time employees. Full-time employees (nonexecutive) are granted paid time off in annual amounts which increase with the individual employees' years of service on the basis of the following schedule:

<u>Years of Service</u>	<u>Annual Paid Time Off</u>
0 - 2	4 weeks
3 - 6	5 weeks
7+	6 weeks

Paid time off is not contingent upon services already rendered and no payment is made for unused paid time off at termination or retirement.

(x) *Derivative Instruments*

Derivative instruments are reported at fair value. The Entity has entered into an interest rate swap agreement that is considered an effective hedging derivative. Changes in fair value of this instrument are reported as deferred outflows or deferred inflows in the statement of net position.

(y) *Accounting Pronouncements*

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves the key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2025. The requirements of this statement have been implemented for the nine months ended March 31, 2026 and resulted in reworking the Management's Discussion and Analysis section to be more useful for the reader.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, updates the requirement for disclosing capital assets by requiring certain types of capital assets to be disclosed separately in the capital asset note. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2025. The requirements of this statement have been implemented for the nine months ended March 31, 2026. As a result, certain types of capital assets have been disclosed separately in the capital assets note disclosure in Note (3)(a)4.

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(z) *New Accounting Pronouncements*

GASB Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events to enhance consistency in their application and to better meet the information needs of financial statement users. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2026. The Entity is assessing the impact of the Statement to its financial statements and will implement in the timeline required by GASB.

(aa) *Correction of Capital Assets, Net and Net Position – Net Investment in Capital Assets*

During the nine months ended March 31, 2026, the Entity determined that intangible assets, lease assets, and subscription assets were presented as stand-alone line items rather than as part of capital assets as of June 30, 2025. Additionally, certain intangible assets and any related outstanding debt associated with those intangible assets was not included in the calculation of net investment in capital assets, a component of net position. Under GASB guidance, capital assets includes both tangible and intangible assets that are used in operations and have useful lives extending beyond a single reporting period. Accordingly, all intangible assets, lease assets, and subscription assets should have been included as capital assets. Additionally, the calculation of net investment in capital assets should have included all intangible assets net of any related debt associated with those intangible assets.

Opening capital assets, net as of July 1, 2025 has been restated to include intangible assets, subscription assets, and lease assets that were previously reported separately from capital assets. As a result of this correction, capital assets, net increased by \$721,819 from a balance of \$74,414 to a balance of \$796,233. Additionally, the opening net investment in capital assets and unrestricted net position (deficit) balances as of July 1, 2025 have been corrected. As a result, net investment in capital assets decreased by \$298,442 from a net position of \$23,546 to a net deficit of (\$274,896) and unrestricted net position increased by \$298,442 from \$425,315 to \$723,757. This did not impact total net deficit as of June 30, 2025 and did not impact the change in net position for the fiscal year ended June 30, 2025.

(bb) *Subsequent Events*

The Entity has evaluated subsequent events through June 5, 2026, the date the basic financial statement were available to be issued, to determine if either recognition or disclosure of significant events or transactions was required. No additional subsequent events requiring additional disclosure were identified.

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(3) Detailed Notes on Activities and Funds

(a) Assets

1. Cash Deposits and Investments with Financial Institutions

The Entity is not subject to statutory restrictions on deposits or investments. All deposit and investment activity are governed by a policy adopted by the Entity's Board of Directors. Cash deposits consist of amounts held in demand accounts.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Entity's deposits may not be returned. The Entity's investment policy adopted by the Board of Directors provided that the Entity minimizes credit risk as to cash deposits by prequalifying financial institutions with which the Entity will do business. Of the total bank balance at March 31, 2026, \$41,818 was insured through the Federal Deposit Insurance Corporation (FDIC). The remaining \$68,335 was uninsured and exposed to custodial credit risk.

The Entity has a checking account that is linked to an overnight sweep account, under which total uninvested cash is automatically transferred (or swept) from the primary cash accounts into a money market mutual fund that invests primarily in short-term, high-quality, fixed-income, domestic-sourced securities issued by banks, corporations, and the U.S. government, rated in the highest short-term category or of comparable quality. The money market mutual fund was rated Aaa-mf by Moody's. The amount invested in the money market mutual fund was \$85,314 as of March 31, 2026.

Investments Classified as Cash Equivalents

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements. All financial covenants associated with the agreements executed in connection with the franchise transaction have been fully complied with as of March 31, 2026.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds maintained in certain accounts are restricted for State tax payments, operating expenses of the Liquor Business, debt service, costs of bond issuance, and Supplemental Payments.

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The following funds have been established by the Indenture:

Fund	Fund custody	March 31, 2026	
		Unrestricted	Restricted
Revenue fund	Trustee	\$ -	\$ 23,430
Tax fund	Trustee	-	1
Operations fund	Entity	-	27,329
Debt service fund	Trustee	-	34,031
General purpose fund	Entity	-	354
Supplemental Payment reserve fund	Trustee	-	27,852
Port authority fund	Entity	-	11,177
	Total funds required by indenture	-	124,174
Cash		71,108	-
Cash held at fiscal agents		-	16,810
Other		-	3
	Total cash and cash equivalents	<u>\$ 71,108</u>	<u>\$ 140,987</u>

2. Cash with Fiscal Agents

As indicated in note (2)(j) above, agency stores under contract with the Entity collect sale proceeds as agents for the Entity and are contractually required to segregate such proceeds and to remit them to the Entity on a daily basis. The agency stores are responsible for any risk of loss while sales proceeds are in their possession and such amounts are typically swept into the Entity's bank accounts within two to three business days. The balance of these sale proceeds under such contractual arrangements as of March 31, 2026 was \$16,810. Custodial credit risk as to these amounts was addressed by surety bond coverage required under the contracts between the Entity and each agent.

3. Investments at Fair Value

The Entity is not subject to statutory restrictions on investments. The Entity's formal investment policy statement, as adopted by the Board, is the basis for all investment activity. Authorized investments under the Board policy include cash and cash equivalents, investment-grade bonds, high yield bank loans, high yield bonds, emerging market bonds, United States public equities, international public equities, private real estate, and private equity.

The Entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy but are included in the table to reconcile

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total investments. These assets are valued via capital account statements as reported by the respective investment managers.

The following is a summary of the investments by fair value category as of March 31, 2026:

	March 31, 2026	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as Practical Expedient (NAV)
U.S. government obligations	\$ 88,368	\$ 19,173	\$ 69,195	\$ -	\$ -
U.S. government agency obligations	96,582	-	96,582	-	-
Non agency obligations	71,548	-	71,548	-	-
Other government obligations	6,442	-	6,442	-	-
International bonds	2,097	-	2,097	-	-
Corporate bonds	141,236	-	141,236	-	-
Bond mutual funds	35,886	17,872	-	-	18,014
Equity mutual funds	355,412	321,590	-	-	33,822
Corporate bond and note funds	67,171	-	-	-	67,171
Real estate funds	23,684	-	-	-	23,684
Private equity	38,103	-	-	-	38,103
Total	<u>\$ 926,529</u>	<u>\$ 358,635</u>	<u>\$ 387,100</u>	<u>\$ -</u>	<u>\$ 180,794</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources from the investment managers.

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Additional information on fair values, unfunded commitments, remaining life, and redemption for investments measured at the NAV at March 31, 2026 is as follows:

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Bond mutual funds - emerging market debt	\$ 18,014	\$ -	No limit	Monthly	Redemption notice required
Equity mutual funds - international equity	33,822	-	No limit	30 day notice period	None
Corporate bond and note funds - bank loans, high yield bonds	67,171	-	No limit	15 to 30 day notice periods	None and minimum redemption amounts
Real estate funds	23,684	-	No limit	45 day notice periods	None
Private equity - secondaries, real estate, venture, buyouts, fund of funds	38,103	11,844	7-12 years	Ineligible for redemption	Not redeemable
Total	<u>\$ 180,794</u>	<u>\$ 11,844</u>			

The Entity may, from time to time, have investments where the funds have been sent to the investment managers, but the investment transaction has not settled as of the end of the financial statement period. These investments are referred to as investments in transit. The Entity had investments in transit of \$0 as of March 31, 2026.

Liquidity and Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the Entity’s investment policy generally requires that the investment portfolio remain sufficiently liquid to meet all operating and economic development programmatic needs.

As of March 31, 2026, the maturities of the Entity’s investments are as follows:

	Fair Value	Investment maturity			
		1 year or less	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
U.S. government obligations	\$ 88,368	\$ -	\$ 55,642	\$ 22,874	\$ 9,852
U.S. government agency obligations	96,582	-	1,522	6,882	88,178
Non agency obligations	71,548	1,583	10,705	9,125	50,135
Other government obligations	6,442	-	4,274	258	1,910
International bonds	2,097	-	1,421	676	-
Corporate bonds	141,236	5,454	63,371	50,296	22,115
Bond mutual funds	17,872	-	-	17,872	-
Total	<u>\$ 424,145</u>	<u>\$ 7,037</u>	<u>\$ 136,935</u>	<u>\$ 107,983</u>	<u>\$ 172,190</u>

Credit Risk – To minimize credit risk, the Entity prequalifies the financial institutions, broker/dealers, intermediaries, and advisors with whom the Entity will do business. In addition, the investment portfolio is diversified to minimize risk of loss.

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The Entity's investments were rated as follows by Standard & Poor's or Moody's Investor Services as of March 31, 2026:

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	CCC	D	Not Rated
U.S. government agency obligations	\$96,582	\$ -	\$64,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,942
Non agency obligations	71,548	43,640	5,622	616	2,634	2,221	3,058	2,951	823	4,300	4,681	-	57	945
Other government obligations	6,442	1,471	630	2,051	1,757	533	-	-	-	-	-	-	-	-
International bonds	2,097	-	-	-	307	205	927	658	-	-	-	-	-	-
Corporate bonds	141,236	9,225	5,625	4,271	8,713	12,147	24,347	31,866	19,718	17,503	7,763	58	-	-
Bond mutual funds	17,872	-	-	-	-	-	-	-	-	-	-	-	-	17,872
Total	\$335,777	\$54,336	\$ 76,517	\$ 6,938	\$ 13,411	\$ 15,106	\$ 28,332	\$ 35,475	\$ 20,541	\$ 21,803	\$ 12,444	\$ 58	\$ 57	\$ 50,759

Concentration of Credit Risk – To limit exposure to the risk of loss due to the magnitude of the Entity's investments in a single issuer, investments are to be diversified in accordance with allocations determined by the Board of Directors, after consultation with the Board's Investment Committee.

Custodial Credit Risk – For an investment, this is the risk that in the event of the failure of the counterparty, the Entity will not be able to recover the value of its investments that are in the possession of an outside party. The Entity's investments of \$926,529 as of March 31, 2026 are uninsured and held in the name of the Entity by its investment managers.

Interest income accrues on U.S. government and agency bonds over the bond term. Interest income is redeemed upon bond maturity. Gain realized from maturities during the three and nine months ended March 31, 2026 totaled \$391 and \$2,790, respectively. Interest on public corporate income securities accrues over the term of the holding and is redeemed at various times until maturity. Accrued gain of \$10,928 as of March 31, 2026 represents unrealized bond interest earned, but not redeemed. Accrued income increases bond value, which is reported at fair value in the financial statements.

4. Capital Assets, Net

As a result of the purchase of the franchise for the sale of spirituous liquor, the Entity recorded an intangible asset of \$1,379,924, reflecting the net franchise fee paid to the State, net of certain tangible assets received in the transfer pursuant to the Transfer Agreement.

The intangible asset – liquor franchise, is amortized over its useful life that coincides with the related contractual rights of the Transfer Agreement of 25 years and was updated to 40 years with the First Amendment of the Franchise and Transfer Agreement in February 2025. No impairment of the intangible asset existed as of March 31, 2026.

The Entity has entered into several lease agreements. The lease agreements include property lease agreements for distribution centers and office space as well as equipment lease agreements for copiers and warehouse and transportation equipment. The leases do not contain any variable payments, residual value guarantees, or commitments before commencement of the lease terms. No impairment of the right-to-use lease assets existed as of March 31, 2026.

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The Entity has entered into subscription-based information technology arrangements (“SBITAs”). The SBITAs include various software-as-a-service agreements. The subscriptions do not contain any variable payments, residual value guarantees, or commitments before commencement of the subscription terms. No impairment of the right-to-use subscription assets existed as of March 31, 2026.

Capital assets activity for the nine months ended March 31, 2026 is as follows:

	Balance, July 1, 2025, as restated	Additions	Reductions	Balance, March 31, 2026
Capital assets not being depreciated:				
Land	\$ 5,930	\$ -	\$ -	\$ 5,930
Total non-depreciable assets	<u>5,930</u>	<u>-</u>	<u>-</u>	<u>5,930</u>
Capital assets being depreciated:				
Leasehold improvements	22,459	1,082	-	23,541
Equipment	810	2,343	-	3,153
Furniture	1,225	22	-	1,247
Software	24,917	4,061	(35)	28,943
Building	50,176	-	-	50,176
Total capital assets being depreciated	<u>99,587</u>	<u>7,508</u>	<u>(35)</u>	<u>107,060</u>
Less: Accumulated depreciation				
Leasehold improvements	(9,953)	(1,116)	-	(11,069)
Equipment	(330)	(277)	-	(607)
Furniture	(762)	(53)	-	(815)
Software	(18,281)	(2,638)	23	(20,896)
Building	(1,777)	(941)	-	(2,718)
Total accumulated depreciation	<u>(31,103)</u>	<u>(5,025)</u>	<u>23</u>	<u>(36,105)</u>
Total depreciable assets, net	<u>68,484</u>	<u>2,483</u>	<u>(12)</u>	<u>70,955</u>
Lease assets:				
Property	12,090	-	(3,712)	8,378
Equipment	8,180	-	-	8,180
Total lease assets	<u>20,270</u>	<u>-</u>	<u>(3,712)</u>	<u>16,558</u>
Less: Accumulated amortization				
Property	(6,359)	(1,429)	3,712	(4,076)
Equipment	(2,273)	(947)	-	(3,220)
Total accumulated amortization	<u>(8,632)</u>	<u>(2,376)</u>	<u>3,712</u>	<u>(7,296)</u>
Total lease assets, net	<u>11,638</u>	<u>(2,376)</u>	<u>-</u>	<u>9,262</u>
Subscription assets:				
Subscription assets	7,306	2,514	(3,223)	6,597
Less: Accumulated amortization	(4,083)	(3,400)	3,223	(4,260)
Total subscription assets, net	<u>3,223</u>	<u>(886)</u>	<u>-</u>	<u>2,337</u>
Intangible assets:				
Liquor franchise	1,379,924	-	-	1,379,924
Less: Accumulated amortization	(673,042)	(19,220)	-	(692,262)
Liquor franchise, net	<u>706,882</u>	<u>(19,220)</u>	<u>-</u>	<u>687,662</u>
Trademark	79	17	-	96
Less: Accumulated amortization	(3)	-	-	(3)
Trademark, net	<u>76</u>	<u>17</u>	<u>-</u>	<u>93</u>
Total capital assets, net	<u>\$ 796,233</u>	<u>\$ (19,982)</u>	<u>\$ (12)</u>	<u>\$ 776,239</u>

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(Unaudited)

(In thousands)

5. Loans Receivable, Net

The Entity's economic development initiatives include loans to companies that have limited access to capital and funding from conventional private sources of funding. In order to obtain a disbursement, the borrower submits to the Entity a draw request that identifies the applicable costs that have been incurred. The Entity recognizes the receivable at time of disbursement to the borrower.

The Entity also established a Growth Capital program to support early-stage companies in their efforts to promote economic development across the State. The Growth Capital program was principally designed to provide loans to companies that are convertible to equity in the event the borrower meets certain qualified financing requirements. As of March 31, 2026, 39 loans associated with the Growth Capital program are outstanding, totaling \$16,946 net of loss allowance of \$1,883, and are included in loans receivable, net of loss allowance. The terms of the loans outstanding as of March 31, 2026 provide for disbursements of up to \$18,926. The outstanding balance of the commitments as of March 31, 2026 was \$98.

The remaining loans receivable balance of \$157,792 as of March 31, 2026 relates to 78 outstanding loans, and is net of loss allowance of \$9,794. The current portion of the loans receivable balance of \$11,282 as of March 31, 2026 represents principal payments due within the following twelve months. The terms of the loans outstanding as of March 31, 2026 provide for disbursements of up to \$267,583. The outstanding balance of the commitments as of March 31, 2026 were \$36,715.

6. Accounts Receivable, Net

Accounts receivable comprise amounts due from liquor agency stores, liquor vendors, and an interest rate swap counterparty, as well as clawbacks on economic development programs. The amounts due from liquor agency stores and liquor vendors are attributable to inventory adjustments from store audits, store manager adjustments, distribution center services, and other miscellaneous claims. The amounts due for clawbacks on economic development programs are related to grantees not meeting agreed commitments. Accounts receivable also includes interest receivable on investments and loans. Accounts receivable balance of \$16,149 as of March 31, 2026 is net of allowance for uncollectable accounts of \$12,008.

7. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the basic financial statements. This includes \$724 of service fees to the Ohio Department of Commerce as of March 31, 2026.

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(b) Liabilities

1. Accrued Liabilities

Accrued liabilities reported as of March 31, 2026 are as follows:

Economic development programs	\$	549,760
Liquor purchases		7,435
Agency commissions		12,149
Taxes		11,822
Supplemental Payment		32,018
Professional services		3,459
Payroll and benefits		727
Paid time off		806
Interest expense		243
Other		371
		<hr/>
Total	\$	<u><u>618,790</u></u>

2. Economic Development Programs

The Entity operates a portfolio of grant programs and initiatives to encourage economic development within the State. These comprise:

- Economic Development Grants – The Economic Development grant program focuses on fixed asset and infrastructure investment.
- Workforce Grants – The Workforce grant program focuses on training costs associated with new or incumbent employees.
- Revitalization Grants – The Revitalization grant program is designed to support the acceleration of redeveloping sites in Ohio, with the primary focus on projects where the cost of redevelopment and remediation is more than the value of the land in question.
- Revitalization Phase II Assessment Grants – The Revitalization Phase II Assessment grant program is designed to assist in the review of potential environmental risks on a project site where redevelopment for job creation or retention is likely to occur.
- Research and Development Center Grants – The Research and Development Center grant program provides opportunity to collaborate and partner on new discoveries that can further companies' competitive advantage and impact their respective industries.

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- Talent Acquisition Services – The Talent Acquisition Services program helps identify a company’s talent challenges and builds sustainable talent recruitment strategies that support every stage of the candidate journey. Talent Acquisition Services are generally provided to select, qualified companies on an in-kind basis.
- Innovation District Grants – Innovation District grants provide funds for Innovation Districts in Cincinnati, Cleveland and Columbus in support of research growth, STEM talent expansion and large-scale, mixed-use developments adjacent to major academic and medical research institutions to promote economic development growth.
- Small Business Grants – The Small Business grant program provides financial support for small businesses located in qualifying zip codes and/or owned by minorities, women, veterans, and people with disabilities.
- Speculative Site Development Grants – The Ohio Site Inventory Program (OSIP) offers funding to support speculative site and building development projects with no identified end user.
- Vibrant Community Grants – The Vibrant Community grant program was established to assist distressed small and medium sized communities with the implementation of catalytic development projects that fulfill a market need and represent a significant reinvestment in areas that have struggled to attract new investment.
- Pre-Project Planning Program – The Pre-Project Planning Program offers targeted technical assistance to address gaps in capacity and expertise to ultimately generate more Vibrant Communities projects across the state. Technical assistance is generally provided to select, qualified entities on an in-kind basis.
- Air Service Restoration Program – The Air Service Restoration program provides commercial airports the opportunity to grow air service opportunities for economic development.
- Broadband Access Grants – Broadband Access grants fund the construction and maintenance of telecommunication sites to enable broadband wireless access in Ohio’s underrepresented communities to ensure equitable education, economic opportunity, and access to advanced digital services.
- Talent Relocation Incentive – The JobsOhio Relocation Incentive helps Ohio employers of any size in ten sectors expand their workforce, specifically in STEM and technical occupations, with direct financial incentives for attracting out-of-state professionals.

As of March 31, 2026, the Entity had executed 2,923 grants, including 1,035 economic development grants, 520 workforce grants, 389 revitalization grants, 38 research and development center grants, 11

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innovation district grants, 770 small business grants, 116 speculative site development grants, 43 vibrant community grants, and 1 broadband access grant with a total committed amount of \$2,501,810. As of March 31, 2026, the Entity had \$992,718 in committed, but unpaid grants. The grants are historically funded on a reimbursement basis where the grantee must provide documentation illustrating where applicable costs have been incurred.

The Entity recognizes grant expenditures and the related liability when all applicable eligibility requirements have been met and the related allowable costs have been incurred. This process includes the use of estimates in the absence of information as to costs incurred, but unclaimed by the grantee. The Entity has developed a methodology to produce an estimate of the liability as of the financial statement date, based upon the anticipated progress of the related project. The corresponding result is recorded as accrued economic development programs and is included in accrued liabilities in the statement of net position. Some of the economic development programs which have been accrued have terms that result in payment to be made outside of the subsequent twelve months, resulting in a long-term liability. The result recognized as part of accrued economic development program expense was \$549,689 as of March 31, 2026.

3. Economic Development Programs – Port Authority Bond Fund

The Entity has partnered with six local port authorities in Ohio to bolster their ability to issue bonds to finance the costs of port authority facilities to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, government operations, culture, research industry, and commerce and create and preserve jobs and employment opportunities. The Entity is pledging up to \$50,000 to secure the repayment of bonds in the event of the borrower’s inability to make a payment. Restricted cash in support of this program totaled \$11,177 as of March 31, 2026.

As of March 31, 2026, the port authorities issued bonds totaling \$287,310. The Entity estimates that the program will have a default rate of 1% based on historical default rates and recorded a long-term liability of \$2,873, as of March 31, 2026. As of March 31, 2026 there were no defaults on the issued bonds and no payments made from the reserve. For the three and nine months ended March 31, 2026, the Entity recognized an expense associated with the program of \$85 and \$284, respectively, which is included in economic development programs expense.

4. Lease Liability

Lease liability activity for the nine months ended March 31, 2026 is as follows:

	Balance, July 1, 2025	Additions	Reductions	Balance, March 31, 2026	Current portion
Total lease liability	\$ 12,264	\$ -	\$ (2,334)	\$ 9,930	\$ 2,930

Interest expense on the lease liabilities for the three and nine months ended March 31, 2026 totaled

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(In thousands)

\$148 and \$486, respectively. Future principal and interest requirements on the lease liabilities are as follows as of March 31, 2026:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 725	\$ 148	\$ 873
2027	2,869	486	3,355
2028	2,659	321	2,980
2029	2,409	152	2,561
2030	1,179	44	1,223
2031	89	-	89
Total	<u>\$ 9,930</u>	<u>\$ 1,151</u>	<u>\$ 11,081</u>

5. Subscription Liability

Subscription liability activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>	<u>Current portion</u>
Total subscription liability	\$ 1,781	\$ 1,734	\$ (2,791)	\$ 724	\$ 724

Interest expense on the subscription liabilities for the three and nine months ended March 31, 2026 totaled \$10 and \$38, respectively.

Future principal and interest requirements on the subscription liabilities are as follows as of March 31, 2026:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	284	14	298
2027	440	26	466
Total	<u>\$ 724</u>	<u>\$ 40</u>	<u>\$ 764</u>

6. Long-Term Liabilities

Special Obligation Bonds Payable

Special obligation revenue bonds were issued on February 1, 2013, by the Entity to finance payment of consideration in connection with the purchase of a franchise to operate the Liquor Business including the transfer of certain Liquor Business assets and bond transaction costs. The obligations were issued as bonds with (approximately) level debt service (principal and interest) maturing each year with maturities that range from one to 25 years.

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On February 5, 2020, the Entity issued special obligation revenue bonds to advance refund the 2038 maturity of the Series 2013A Bonds and finance certain costs of the refunding transaction. The obligations were issued as bonds with approximately level debt service, including both principal and interest, maturing each year with maturities that range from one to 18 years.

On February 1, 2023, the Entity issued special obligation revenue bonds to provide funding for economic development programs of and projects by the Entity and to pay costs of issuance of the bonds. The obligations were issued as bonds with approximately level debt service, including both principal and interest, maturing each year with maturities that range from one to 10 years.

On November 13, 2025, the Entity issued Series 2025A special obligation tax-exempt revenue refunding and new money bonds in the amount of \$502,705 and Series 2025B special obligation taxable revenue refunding bonds in the amount of \$94,395. The bonds were issued to refund certain outstanding bonds, provide funding for economic development programs of and projects by the Entity, and pay costs of issuance of the bonds. The bonds have interest rates ranging from 4.9% to 5%. The obligations, along with the remaining unrefunded bonds, have approximately level debt service for ten years, followed by decreasing obligations. The bonds have maturities starting in 2027 through 2053. The purpose of the refinancing was to match the debt service to the 2053 term of the franchise agreement in the most cost-effective manner and to provide for additional annual grants from JOBS to JobsOhio.

The proceeds from the 2025A and 2025B Bonds along with existing set-aside debt service cash on hand were used to advance refund a portion of the 2020A Bonds and currently redeem a portion of the 2013B Bonds and fully currently refund the 2023 Bonds. To advance refund a portion of the 2020A Bonds consisting of future principal payments of \$351,510 and future interest payments of \$107,462, proceeds in the amount of \$330,992 were deposited and are held in trust in an escrow account. The amount was used to purchase certain direct noncallable obligations of the United States of America having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment, together with any other moneys in the escrow account after such purchase, for the payment of all principal and interest on the refunded maturities of the 2020A Bonds. Upon the purchase of those noncallable obligations, according to the terms of the Indenture, the refunding maturities of the 2020A Bonds were deemed paid and discharged and legally defeased. To currently redeem the 2029 maturity of the 2013B Bonds, a payment of \$22,938 was made for \$22,495 in principal, \$349 in accrued interest, and a premium of \$95. To currently redeem the 2035 maturity of the 2013B Bonds, a payment of \$35,971 was made for \$34,580 in principal, \$609 in accrued interest, and a premium of \$482. To currently redeem the refunded 2023 Bonds, a payment of \$302,865 was made for \$292,830 in principal, \$5,048 in accrued interest, and a premium of \$4,987. The net present value of the cost from the advanced refunding on November 13, 2025 was \$14,592.

JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds, Series 2013B; JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds Series 2020A; JobsOhio Beverage System Statewide Senior Lien Liquor Profits Tax-Exempt Revenue Refunding Bonds Series 2025A; and JobsOhio Beverage System Statewide Senior Lein Liquor Profits Taxable Revenue Bonds Series 2025B outstanding at March 31, 2026 are as follows:

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Special obligation bonds	Original issue date	Outstanding as of March 31, 2026	Interest rates to maturity	Final maturity
Series 2013B	Feb. 2013	\$ 535,935	4.0% – 4.5%	2035
Series 2020A	Feb. 2020	\$ 5,830	2.8%	2038
Series 2025A	Nov. 2025	\$ 502,705	5.0%	2053
Series 2025B	Nov. 2025	\$ 94,395	4.9%	2040

The bonds have maturities that started in 2015 and continue through 2053. Maturities due within one year as of March 31, 2026 are \$56,720. The bond series are subject to mandatory sinking fund redemption starting in 2024 and each year thereafter to maturity. The bonds will be repaid from Liquor Business Profits. All proceeds from the Liquor Business are pledged to the Trustee to pay obligations under the Indenture. The Indenture imposes certain restrictions and requirements whereby all Liquor Business revenues are required to be deposited in a trust fund held by the Trustee to settle obligations under the Indenture, including amounts sufficient to cover annual debt service for each fiscal year on account for all outstanding revenue bonds.

Liquor Business Profits must meet the minimum debt service coverage ratio of 135 percent for each fiscal year pursuant to the Transfer Agreement. Certain amounts are released from the lien of the Indenture and certain other amounts are held in funds pursuant to the terms of the Indenture for which amounts will not be pledged for the benefit of the owners of the bonds. These funds include the Tax Fund, the Operations Fund, and the General Purpose Fund. The bonds are not general obligations of the Entity or the State, and neither the faith nor credit are pledged as security for payment of the bonds.

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Debt service requirements related to the bonds as of March 31, 2026 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2027	\$ 56,720	\$ 53,265	\$ 109,985
2028	59,000	50,987	109,987
2029	61,370	48,617	109,987
2030	63,840	46,150	109,990
2031	66,740	43,248	109,988
2032 - 2036	368,905	167,665	536,570
2037 - 2041	257,655	80,021	337,676
2042 - 2046	71,040	44,401	115,441
2047 - 2051	90,665	24,775	115,440
2052 - 2053	42,930	3,246	46,176
Total	<u>\$ 1,138,865</u>	<u>\$ 562,375</u>	<u>\$ 1,701,240</u>
Unamortized premium	55,378		
Less current portion	<u>(56,720)</u>		
Total debt, long-term portion	<u>\$ 1,137,523</u>		

Debt service activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>	<u>Current portion</u>
Bond principal	\$ 1,298,230	\$ 597,100	\$ (756,466)	\$ 1,138,864	\$ 56,720
Bond premium	-	56,904	-	56,904	-
Less: Accumulated amortization	-	(1,525)	-	(1,525)	-
Total debt	<u>\$ 1,298,230</u>	<u>\$ 652,479</u>	<u>\$ (756,466)</u>	<u>\$ 1,194,243</u>	<u>\$ 56,720</u>

Bonds are subject to redemption prior to their stated maturity dates at the option of JOBS, in whole or in part on any date on or after January 1, 2024, at a redemption price equal to the principal amount of bonds to be redeemed plus accrued interest. For Series 2013B Bonds, the redemption price is the greater of (1) the principal amount or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date plus accrued interest. Series 2020A Bonds maturing in 2038 are subject to mandatory sinking fund redemption on January 1, 2035, and each year thereafter to maturity. Series 2013B Bonds maturing in 2029 and 2035 are subject to mandatory sinking fund redemption on January 1, 2024 and 2030, respectively, and each year thereafter to maturity. Series 2020

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Bonds maturing in 2033 are subject to mandatory sinking fund redemption on January 1, 2024, and each year thereafter to maturity. Series 2025A Bonds maturing in 2050 and 2053 are subject to mandatory sinking fund redemptions on January 1, 2049 and 2051, respectively, and each year thereafter to maturity. Series 2025B Bonds maturing in 2039 are subject to mandatory sinking fund redemptions on January 1, 2039, and each year thereafter to maturity. Redemptions are from moneys in the Debt Service Fund established under the Indenture, at a redemption price equal to 100 percent of the principal amount to be redeemed plus accrued interest.

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements.

Direct Borrowings and Direct Payments – Revolving Note

The Entity entered into a Revolving Note agreement with The Huntington National Bank in July 2022. Under the terms of the note, the Entity can borrow up to \$125,000 with an interest rate of SOFR plus 1.05%. The note has a maturity date of May 1, 2027. The Entity has pledged certain Investments at Fair Value as collateral for the note. As of March 31, 2026, the amount of unused credit was \$125,000.

Revolving note activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>	<u>Current portion</u>
Revolving note	\$ 20,000	\$ 25,000	\$ (45,000)	\$ -	\$ -

Direct Borrowings and Direct Payments – Note Payable

On May 1, 2025, the Entity obtained a term loan to finance the prior acquisition of a building. At issuance, the note bears variable interest of Daily Simple SOFR + 1.75% and has a maturity date of April 30, 2035. The note is secured by the property and leases of the property and is not subject to prepayment penalties.

Note payable activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>	<u>Current portion</u>
Note payable	\$ 51,684	\$ -	\$ (744)	\$ 50,940	\$ 1,042

While the variable interest rate is synthetically fixed using an interest rate swap (see note (3)(b)7), the swap does not change the note's terms. Interest on the variable rate note is calculated using the rate in

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effect on March 31, 2026. Future principal and interest requirements on the note payable are as follows as of March 31, 2026:

	Principal	Interest	Total
Year ending June 30:			
2026	\$ 255	\$ 694	\$ 949
2027	1,056	2,749	3,805
2028	1,115	2,697	3,812
2029	1,178	2,627	3,805
2030	1,244	2,575	3,819
2031 - 2035	46,092	11,481	57,573
Total	\$ 50,940	\$ 22,823	\$ 73,763
Less current portion	(1,042)		
Total note payable, long-term portion	\$ 49,898		

7. Derivative Instruments – Interest Rate Swap

The entity entered into a pay fixed/received variable interest rate swap agreement on May 1, 2025, in connection with the note payable entered into on the same date to convert the variable interest rate to a synthetically fixed rate. The swap has a notional amount of \$51,765. The entity pays a fixed rate of 5.48% and receives a variable rate of SOFR + 1.75%. The effective date is May 1, 2025 and the termination date is April 30, 2035. The counterparty is Huntington National Bank.

The interest rate swap agreement was evaluated using the regression method and is considered an effective hedging derivative as of March 31, 2026. The fair value of the swap generally represents the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the period end. The valuation inputs used to determine the fair value of this instrument are considered Level 2, as they rely on observable inputs other than quoted market prices. The notional amount represents the underlying reference of the instrument and does not represent the amount of the Entity's settlement obligation.

As of the March 31, 2026, the fair value of the interest rate swap liability was \$50 and is reported as derivative instruments – interest rate swap on the statement of net position. The change in fair value for the three and nine months ended March 31, 2026 was (\$253) and (\$537) and is reported as a change in deferred outflow of hedging derivative instruments on the statement of net position. Fair value is measured using the income approach by discounting future net cash flows. The fair value measurement includes the credit risk of nonperformance and the bid/offer cost.

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By using a derivative financial instrument to hedge exposure to changes in interest rates, the Entity is exposed to certain risk factors:

- Credit risk: The Entity is exposed to the counterparty's failure to perform. Huntington National Bank has a long term Fitch rating of A-.
- Termination risk: There is a termination risk with pay fixed/received variable interest rate swaps as the Entity or swap counterparty may terminate a swap if the other party fails to perform under the terms of the agreement.
- Interest rate risk: The Entity is exposed to interest rate risk because the fair value and the net swap payments are affected by changes in the benchmark interest rate. As interest rates change, the fair value of the swap and the Entity's net cash flows under the swap will vary.
- Rollover risk: The Entity is not exposed to rollover risk because the termination date of the interest rate swap matches the final maturity of the related debt.
- Market access risk: The Entity's exposure to market access risk related to its derivative instrument is limited because the related debt is not expected to be remarketed or refinanced during the term of the derivative.

Using rates in effect as of March 31, 2026, the projected cash flows for the pay fixed/receive floating interest rate swap deemed effective cash flow hedge, along with note payable requirements of the associated variable interest rates, are summarized as follows:

Year ending June 30:	Variable Rate Note Payable		Swap	Total
	Principal	Interest	Payments, Net	
2026	255	694	21	970
2027	1,056	2,749	41	3,846
2028	1,115	2,697	40	3,852
2029	1,178	2,627	39	3,844
2030	1,244	2,575	38	3,857
2031 - 2035	46,092	11,481	170	57,743
Total	<u>\$ 50,940</u>	<u>\$ 22,823</u>	<u>\$ 349</u>	<u>\$ 74,112</u>

8. Commitments and Contingencies – Litigation

No litigation is currently pending against the Entity.

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9. 401(k) Savings Plan

The Entity operates a defined contribution pension plan titled JobsOhio 401(k) Plan (herein referred to as the “Plan”) created in accordance with Internal Revenue Code Section 401(k). The Plan, available to all qualified employees of the Entity, permits employees to defer a percentage of their salary up to the maximum percentage allowed by the Internal Revenue Service. The Entity matches 100 percent of the first three percent of the employee contribution, plus 50 percent of the employee contribution over three percent but not greater than five percent, bringing the maximum match percentage to four percent. Employees are fully vested in the Plan at the time contributions begin and there are no forfeitures. Participants must be over 21 years of age and have completed three consecutive months of service.

The Entity is the plan administrator of the Plan and the Plan trustee is Great-West Trust Company. The Entity may amend the Plan to add new features or to change or eliminate various provisions, but may not take away or reduce protected benefits under the Plan. Participants direct the allocation of their deferral based on several investment options. The assets of the Plan are not included in the Entity’s financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

The Plan was implemented in February 2014 and updated in January 2020. For the three and nine months ended March 31, 2026, the total 401(k) match expense was \$311 and \$746, respectively, on total employee contributions of \$769 and \$1,568, respectively. As of March 31, 2026, accrued employee 401(k) deferrals and accrued employer match was \$0 and \$0, respectively, and is included in the statement of net position as accrued liabilities.

(c) Revenues

Liquor sales revenues are reported net of wholesale discounts, sales taxes, and bad debt. For the three and nine months ended March 31, 2026, operating revenues were reported net of discounts of \$5,700 and \$18,493, respectively, sales tax of \$21,549 and \$74,143, respectively, and bad debt of \$15 and \$22, respectively.

Distribution center revenues are for services performed in the distribution centers related to receiving and preparing product for distribution.

(d) Deferred Outflows

For the redemption of the 2033 maturity of the 2023 Bonds, and a portion of the 2029 and 2035 maturities of the Series 2013B, proceeds from the Series 2025A Bonds and 2025B Bonds were deposited in and held in trust in a redemption account. On November 21, 2025, the refunded maturities were redeemed at a redemption price equal to the make-whole redemption price plus accrued interest to such date. The make-whole redemption price includes a premium on the bonds.

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The difference between the redemption price and the net carrying amount of the bonds redeemed with refunding debt is reported as a deferred outflow of resources and recognized as a component of bond interest, net over the remaining life of the refunded debt. Deferred outflow activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>
Deferred outflows	\$ -	\$ 5,563	\$ -	\$ 5,563
Less: Accumulated amortization	-	(293)	-	(293)
Total deferred outflow:	<u>\$ -</u>	<u>\$ 5,270</u>	<u>\$ -</u>	<u>\$ 5,270</u>

(e) Deferred Inflows

For the defeasance of the refunded maturities of the Series 2020A Bonds, proceeds from the Series 2025A Bonds were deposited in and held in trust in an escrow account. The proceeds were used to purchase certain direct noncallable obligations of the United States of America having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment, together with any other moneys in the escrow account after such purchase, for the payment of all principal of and interest on the refunded maturities of the series 2020A Bonds. Upon the purchase of those noncallable obligations, according to the terms of the Indenture, the refunded maturities of the series 2020A Bonds were deemed paid and discharged and legally defeased.

The difference between the reacquisition price and the net carrying amount of the bonds defeased with refunding debt is reported as a deferred inflow of resources and recognized as a component of bond interest, net over the remaining life of the refunded debt. Deferred inflow activity for the nine months ended March 31, 2026 is as follows:

	<u>Balance, July 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, March 31, 2026</u>
Deferred inflows	\$ -	\$ 20,518	\$ -	\$ 20,518
Less: Accumulated amortization	-	(634)	-	(634)
Total deferred inflows	<u>\$ -</u>	<u>\$ 19,884</u>	<u>\$ -</u>	<u>\$ 19,884</u>

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

Combining Schedule of Net Position

(Unaudited)

(In thousands)

(f) Combining Information

March 31, 2026						
JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Component Unit Green Jobs Properties	Eliminating Entries	Combined Balance	
Assets:						
Current assets:						
Cash and cash equivalents - unrestricted	\$ 70,503	\$ -	\$ 170	\$ 435	\$ -	\$ 71,108
Cash and cash equivalents - restricted	11,177	129,810	-	-	-	140,987
Investments at fair value	898,477	-	28,052	-	-	926,529
Inventory	-	96,916	-	-	-	96,916
Loans receivable, net	11,282	-	-	-	-	11,282
Accounts receivable, net	11,153	1,413	3,583	-	-	16,149
Prepaid expenses	2,221	1,411	-	99	-	3,731
Lease receivable - current portion	-	-	-	2,315	(2,315)	-
Due from related entities	753	1,388	-	-	(2,141)	-
Total current assets	<u>1,005,566</u>	<u>230,938</u>	<u>31,805</u>	<u>2,849</u>	<u>(4,456)</u>	<u>1,266,702</u>
Long-term assets:						
Equity method investments	189,869	-	-	-	(189,869)	-
Other long-term investments, net of loss allowance	-	-	131,794	-	-	131,794
Lease receivable	-	-	-	46,907	(46,907)	-
Loans receivable, net	146,510	-	16,946	-	-	163,456
Capital assets, net	5,844	754,510	-	60,681	(44,796)	776,239
Total long-term assets	<u>342,223</u>	<u>754,510</u>	<u>148,740</u>	<u>107,588</u>	<u>(281,572)</u>	<u>1,071,489</u>
Total assets	<u>1,347,789</u>	<u>985,448</u>	<u>180,545</u>	<u>110,437</u>	<u>(286,028)</u>	<u>2,338,191</u>
Deferred outflow of resources:						
Deferred outflow on bond refunding	-	5,270	-	-	-	5,270
Deferred outflow of hedging derivative instruments	-	-	-	50	-	50
Total deferred outflow of resources	<u>-</u>	<u>5,270</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>5,320</u>
Liabilities:						
Current liabilities:						
Accounts payable	4,977	41,552	-	3	-	46,532
Accrued liabilities - current portion	381,153	65,930	-	350	(260)	447,173
Special obligation bonds payable - current portion	-	56,720	-	-	-	56,720
Bond interest payable	-	13,316	-	-	-	13,316
Lease liability - current portion	388	4,597	-	-	(2,055)	2,930
Subscription liability - current portion	386	338	-	-	-	724
Note payable - current portion	-	-	-	1,042	-	1,042
Due to related entities	-	649	-	1,492	(2,141)	-
Total current liabilities	<u>386,904</u>	<u>183,102</u>	<u>-</u>	<u>2,887</u>	<u>(4,456)</u>	<u>568,437</u>
Long-term liabilities:						
Accrued liabilities	171,617	-	-	-	-	171,617
Special obligation bonds payable	-	1,137,523	-	-	-	1,137,523
Lease liability	41	53,866	-	-	(46,907)	7,000
Subscription liability	-	-	-	-	-	-
Port authority bond reserve	2,873	-	-	-	-	2,873
Note payable	-	-	-	49,898	-	49,898
Derivative instruments - interest rate swap	-	-	-	50	-	50
Total long-term liabilities	<u>174,531</u>	<u>1,191,389</u>	<u>-</u>	<u>49,948</u>	<u>(46,907)</u>	<u>1,368,961</u>
Total liabilities	<u>561,435</u>	<u>1,374,491</u>	<u>-</u>	<u>52,835</u>	<u>(51,363)</u>	<u>1,937,398</u>
Deferred inflow of resources						
Deferred inflow on bond refunding	-	19,884	-	-	-	19,884
Deferred lease inflows	-	-	-	44,796	(44,796)	-
Total deferred inflow of resources	<u>-</u>	<u>19,884</u>	<u>-</u>	<u>44,796</u>	<u>(44,796)</u>	<u>19,884</u>
Net position:						
Net investment in capital assets	4,714	(246,308)	-	9,741	4,166	(227,687)
Unrestricted	781,640	(157,349)	180,545	3,115	(194,035)	613,916
Total net position	<u>\$ 786,354</u>	<u>\$ (403,657)</u>	<u>\$ 180,545</u>	<u>\$ 12,856</u>	<u>\$ (189,869)</u>	<u>\$ 386,229</u>

JOBSONHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(Unaudited)

(In thousands)

	Three Months Ended March 31, 2026					
		Component	Component	Component		
		Unit	Unit	Unit		
	JobsOhio	JobsOhio Beverage System	JobsOhio Growth Capital	Green Jobs Properties	Eliminating Entries	Combined Balance
Operating revenues:						
Net liquor sales	\$ -	\$ 360,439	\$ -	\$ -	\$ -	\$ 360,439
Distribution center revenue	-	1,805	-	-	-	1,805
Interest income - loans	1,342	-	294	-	-	1,636
Lease revenue	-	-	-	1,842	(1,842)	-
Fees and other	1,944	-	-	-	(1,832)	112
Total operating revenues	<u>3,286</u>	<u>362,244</u>	<u>294</u>	<u>1,842</u>	<u>(3,674)</u>	<u>363,992</u>
Operating expenses:						
Cost of goods sold	-	215,478	-	-	-	215,478
Sales commissions	-	22,212	-	-	-	22,212
Liquor gallonage taxes	-	11,726	-	-	-	11,726
Amortization of intangible asset - liquor franchise	-	6,406	-	-	-	6,406
Service fees	-	4,526	-	-	-	4,526
Supplemental Payment	-	9,172	-	-	-	9,172
JobsOhio management fees	-	1,832	-	-	(1,832)	-
Loss on investments	-	-	4,401	-	-	4,401
Economic development programs	176,322	-	95	-	-	176,417
Salaries and benefits	10,288	-	-	-	-	10,288
Economic development purchased services	4,904	-	-	-	-	4,904
Professional services	6,448	3,454	38	2	-	9,942
Insurance	79	148	-	47	-	274
Administrative and support	2,616	4,749	1	1,354	(1,842)	6,878
Marketing	14,893	3,105	-	-	-	17,998
Total operating expenses	<u>215,550</u>	<u>282,808</u>	<u>4,535</u>	<u>1,403</u>	<u>(3,674)</u>	<u>500,622</u>
Operating income (loss)	<u>(212,264)</u>	<u>79,436</u>	<u>(4,241)</u>	<u>439</u>	<u>-</u>	<u>(136,630)</u>
Other nonoperating revenues (expenses):						
Grants	75,000	(75,000)	-	-	-	-
Bond interest, net	-	(11,973)	-	-	-	(11,973)
Bond issuance costs	-	(10)	-	-	-	(10)
Investment income	(1,555)	-	-	-	-	(1,555)
Other, net	-	877	-	-	-	877
Total other nonoperating revenues (expenses)	<u>73,445</u>	<u>(86,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,661)</u>
Investment from related entity	-	-	4,005	-	(4,005)	-
Change in net position	<u>(138,819)</u>	<u>(6,670)</u>	<u>(236)</u>	<u>439</u>	<u>(4,005)</u>	<u>(149,291)</u>
Net position (deficit), beginning of period	<u>925,173</u>	<u>(396,987)</u>	<u>180,781</u>	<u>12,417</u>	<u>(185,864)</u>	<u>535,520</u>
Net position (deficit), end of period	<u>\$ 786,354</u>	<u>\$ (403,657)</u>	<u>\$ 180,545</u>	<u>\$ 12,856</u>	<u>\$ (189,869)</u>	<u>\$ 386,229</u>

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Nine Months Ended March 31, 2026					
	Component Unit	Component Unit	Component Unit			
	JobsOhio Beverage System	JobsOhio Growth Capital	Green Jobs Properties	Eliminating Entries	Combined Balance	
JobsOhio						
Operating revenues:						
Net liquor sales	\$ -	\$ 1,225,427	\$ -	\$ -	\$ -	\$ 1,225,427
Distribution center revenue	-	6,239	-	-	-	6,239
Interest income - loans	3,893	-	872	-	-	4,765
Lease revenue	-	-	-	5,546	(5,546)	-
Fees and other	7,410	-	-	-	(7,043)	367
Total operating revenues	11,303	1,231,666	872	5,546	(12,589)	1,236,798
Operating expenses:						
Cost of goods sold	-	732,764	-	-	-	732,764
Sales commissions	-	75,872	-	-	-	75,872
Liquor gallonage taxes	-	39,332	-	-	-	39,332
Amortization of intangible asset - liquor franchise	-	19,220	-	-	-	19,220
Service fees	-	13,579	-	-	-	13,579
Supplemental Payment	-	32,018	-	-	-	32,018
JobsOhio management fees	-	7,043	-	-	(7,043)	-
Loss on investments	-	-	12,192	-	-	12,192
Economic development programs	253,314	-	181	-	-	253,495
Salaries and benefits	25,335	-	-	-	-	25,335
Economic development purchased services	13,815	-	-	-	-	13,815
Professional services	16,142	12,784	61	5	-	28,992
Insurance	245	451	-	97	-	793
Administrative and support	8,306	14,645	3	4,077	(5,546)	21,485
Marketing	43,162	9,149	-	-	-	52,311
Total operating expenses	360,319	956,857	12,437	4,179	(12,589)	1,321,203
Operating income (loss)	(349,016)	274,809	(11,565)	1,367	-	(84,405)
Other nonoperating revenues (expenses):						
Grants	210,000	(210,000)	-	-	-	-
Bond interest, net	-	(34,256)	-	-	-	(34,256)
Bond issuance costs	-	(4,189)	-	-	-	(4,189)
Investment income	56,023	-	-	-	-	56,023
Other, net	-	4,195	-	-	-	4,195
Total other nonoperating revenues (expenses)	266,023	(244,250)	-	-	-	21,773
Investment from related entity	-	-	18,100	-	(18,100)	-
Change in net position	(82,993)	30,559	6,535	1,367	(18,100)	(62,632)
Net position (deficit), beginning of period	869,347	(434,216)	174,010	11,489	(171,769)	448,861
Net position (deficit), end of period	\$ 786,354	\$ (403,657)	\$ 180,545	\$ 12,856	\$ (189,869)	\$ 386,229

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Basic Financial Statements

Combining Schedule of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended March 31, 2026					
	Component		Component		Component	
	JobOhio	Beverage System	JobOhio Growth Capital	Green Jobs Properties	Eliminating Entries	Combined Balance
Cash flows from operating activities:						
Receipts from fees and other	\$ 3,410	\$ -	\$ 605	\$ -	\$ -	\$ 4,015
Receipts from customers	-	1,225,200	-	-	-	1,225,200
Receipts from suppliers	-	6,564	-	-	-	6,564
Payments to employees	(25,565)	-	-	-	-	(25,565)
Payments to suppliers	(84,864)	(751,552)	(64)	(411)	-	(836,891)
Payments for economic development programs	(139,217)	-	(636)	-	-	(139,853)
Receipts for economic development programs	17,042	-	-	-	-	17,042
Payments for commissions	-	(83,069)	-	-	-	(83,069)
Receipts from sales taxes	-	74,143	-	-	-	74,143
Payments for sales tax collections to State and county	-	(74,799)	-	-	-	(74,799)
Payments for gallogage tax collections to State	-	(39,567)	-	-	-	(39,567)
Payments for servicing fees	-	(8,342)	-	-	-	(8,342)
Payments for Supplemental Payment to State	-	(69,250)	-	-	-	(69,250)
Payments for property taxes	-	-	-	(66)	-	(66)
Receipts (payments) between related entities	7,481	(7,986)	-	505	-	-
Net cash provided by (used in) operating activities	(221,713)	271,342	(95)	28	-	49,562
Cash flows from noncapital financing activities:						
Receipts between JobOhio and component unit for grants	262,487	(262,487)	-	-	-	-
Payments between JobOhio and component unit for grants	(52,487)	52,487	-	-	-	-
Payments for other nonoperating expenses	-	(55)	-	-	-	(55)
Receipts from amounts due from related entities	-	1,300	-	-	(1,300)	-
Bond issuance proceeds	-	272,227	-	-	-	272,227
Payments for redemption of bonds	-	(297,817)	-	-	-	(297,817)
Payments for bond issuance costs	-	(1,796)	-	-	-	(1,796)
Payments for bond interest	-	(13,255)	-	-	-	(13,255)
Net cash provided by (used in) noncapital financing activities	210,000	(249,396)	-	-	(1,300)	(40,696)
Cash flows from capital and related financing activities:						
Bond issuance proceeds	-	381,777	-	-	-	381,777
Payments for redemption of bonds	-	(57,651)	-	-	-	(57,651)
Payments for bond issuance costs	-	(2,392)	-	-	-	(2,392)
Payment to refunded bond escrow agent	-	(330,992)	-	-	-	(330,992)
Payments for bond principal	-	(55,050)	-	-	-	(55,050)
Payments for bond interest	-	(35,047)	-	-	-	(35,047)
Payments for note payable principal	-	-	-	(745)	-	(745)
Payments for note payable interest	-	-	-	(2,272)	-	(2,272)
Receipts on interest rate swap	-	-	-	138	-	138
Receipts from leases	-	-	-	3,724	(3,724)	-
Acquisition of capital assets	-	-	-	(1,339)	-	(1,339)
Payments for capital assets	(4,690)	(12,956)	-	-	5,024	(12,622)
Receipts from revolving note	25,000	-	-	-	-	25,000
Payments for revolving note	(45,792)	-	-	-	-	(45,792)
Investment from related entity	-	-	18,100	-	(18,100)	-
Net cash provided by (used in) capital and related financing activities	(25,482)	(112,311)	18,100	(494)	(16,800)	(136,987)
Cash flows from investing activities:						
Purchases of direct equity investments	-	-	(14,866)	-	-	(14,866)
Conversion of loans to equity	-	-	(398)	-	-	(398)
Proceeds from loan conversion	-	-	8	-	-	8
Investment in related entity	(18,100)	-	-	-	18,100	-
Dividends and interest income	45,287	4,230	2,563	-	-	52,080
Purchases of investments	(114,204)	-	(12,776)	-	-	(126,980)
Proceeds from maturities of investments	20,991	-	7,210	-	-	28,201
Net cash provided by (used in) investing activities	(16,026)	4,230	(18,259)	-	18,100	(11,955)
Net decrease in cash and cash equivalents	(53,221)	(86,135)	(254)	(466)	-	(140,076)
Cash and cash equivalents, beginning of period	134,901	215,945	424	901	-	352,171
Cash and cash equivalents, end of period	\$ 81,680	\$ 129,810	\$ 170	\$ 435	\$ -	\$ 212,095
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (349,016)	\$ 274,809	\$ (11,565)	\$ 1,367	\$ -	\$ (84,405)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Amortization of intangible asset - liquor franchise	-	19,220	-	-	-	19,220
Depreciation and amortization expense	4,108	7,979	-	1,551	(2,839)	10,799
(Increase) decrease in loans	(3,494)	-	3,829	-	-	335
Decrease in loan valuation allowance	(6,390)	-	(383)	-	-	(6,773)
Loans converted to equity	-	-	(3,893)	-	-	(3,893)
Loss on investments	-	-	12,184	-	-	12,184
Interest expense	842	2,862	-	2,139	(2,365)	3,478
Interest revenue	-	-	-	(2,365)	2,365	-
Decrease in inventory	-	4,385	-	-	-	4,385
(Increase) decrease in accounts receivable, net	1,062	99	(267)	-	-	894
Decrease in prepaid expenses	1,584	5,166	-	15	-	6,765
Increase (decrease) in accounts payable	(1,838)	544	-	(28)	-	(1,322)
Increase in port authority bond fund	284	-	-	-	-	284
(Increase) decrease in accrued liabilities	130,707	(43,121)	-	25	-	87,611
Decrease in due to related entities	-	-	-	104	-	104
(Increase) decrease in due from related entities	438	(601)	-	59	-	(104)
Decrease in deferred lease inflows	-	-	-	(2,839)	2,839	-
Total adjustments	127,303	(3,467)	11,470	(1,339)	-	133,967
Net cash provided by (used in) operating activities	\$ (221,713)	\$ 271,342	\$ (95)	\$ 28	\$ -	\$ 49,562
Noncash capital and related financing activities:						