

Dogwood Health Trust

Consolidated Financial Statements December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Dogwood Health Trust

Opinion

We have audited the consolidated financial statements of Dogwood Health Trust and subsidiaries (the "Trust"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2024 and the change in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Report on 2023 summarized comparative information

We have previously audited the Trust's consolidated financial statements as of and for the year ended December 31, 2023 (not presented herein). We have expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 25, 2024. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Charlotte, North Carolina
July 22, 2025

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024

(with comparative amounts for the year ended December 31, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 9,513,420	\$ 4,693,514
Cash, restricted	8,957,510	10,416,396
Sales tax receivables	109,836	63,231
Investments, at fair value (Note N)	1,855,207,147	1,807,143,580
Program and mission related investments, net (held at fair value - \$8,774,003, held at cost - \$ 60,463,699)	69,237,702	19,524,692
Fixed assets, net (Note O)	13,309,888	13,688,028
Other assets	62,095,163	50,853,477
	<u>\$2,018,430,666</u>	<u>\$1,906,382,918</u>
LIABILITIES AND NET ASSETS		
Grants payable (Note G)	\$ 45,975,261	\$ 37,137,463
Accounts payable	1,662,298	942,739
Notes payable (Note R)	71,351,761	26,721,787
	<u>118,989,320</u>	<u>64,801,989</u>
Net assets		
With donor restrictions	12,491,942	13,965,199
Without donor restrictions	1,886,949,404	1,827,615,730
	<u>1,899,441,346</u>	<u>1,841,580,929</u>
Total net assets	<u>1,899,441,346</u>	<u>1,841,580,929</u>
Total liabilities and net assets	<u>\$2,018,430,666</u>	<u>\$1,906,382,918</u>

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

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF ACTIVITIES

December 31, 2024

(with summarized financial information for the year ended December 31, 2023)

	Without Donor Restriction	With Donor Restriction	2024	2023
Revenue				
Contributions received	\$ -	\$ 8,886,274	\$ 8,886,274	\$ 8,416,701
Investment returns, net	233,787,223	-	233,787,223	262,205,725
	<u>233,787,223</u>	<u>-</u>	<u>233,787,223</u>	<u>262,205,725</u>
Total revenues	233,787,223	8,886,274	242,673,497	270,622,426
	<u>233,787,223</u>	<u>8,886,274</u>	<u>242,673,497</u>	<u>270,622,426</u>
Expenses				
Program expenses	17,411,737	-	17,411,737	10,970,031
Administrative expenses	6,828,310	-	6,828,310	6,792,129
	<u>24,240,047</u>	<u>-</u>	<u>24,240,047</u>	<u>17,762,160</u>
Total expenses	24,240,047	-	24,240,047	17,762,160
	<u>24,240,047</u>	<u>-</u>	<u>24,240,047</u>	<u>17,762,160</u>
Grants				
Grants approved	160,573,033	-	160,573,033	91,216,524
	<u>160,573,033</u>	<u>-</u>	<u>160,573,033</u>	<u>91,216,524</u>
Total grants approved	160,573,033	-	160,573,033	91,216,524
	<u>160,573,033</u>	<u>-</u>	<u>160,573,033</u>	<u>91,216,524</u>
Released from restriction	10,359,531	(10,359,531)	-	-
	<u>10,359,531</u>	<u>(10,359,531)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	59,333,674	(1,473,257)	57,860,417	161,643,742
	<u>59,333,674</u>	<u>(1,473,257)</u>	<u>57,860,417</u>	<u>161,643,742</u>
Net assets at beginning of year	1,827,615,730	13,965,199	1,841,580,929	1,679,937,187
	<u>1,827,615,730</u>	<u>13,965,199</u>	<u>1,841,580,929</u>	<u>1,679,937,187</u>
Net assets at end of year	\$ 1,886,949,404	\$ 12,491,942	\$ 1,899,441,346	\$ 1,841,580,929
	<u>\$ 1,886,949,404</u>	<u>\$ 12,491,942</u>	<u>\$ 1,899,441,346</u>	<u>\$ 1,841,580,929</u>

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

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2024

(with summarized financial information for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 57,860,417	\$ 161,643,742
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	400,741	400,163
Net realized (gains) or losses on investment transactions	(26,162,605)	3,238,834
Unrealized change on assets	(206,490,489)	(265,105,246)
Allowance for credit losses	-	(339,313)
Changes in operating assets and liabilities:		
Sales tax receivables	(46,605)	188,166
Other assets	(11,241,686)	(49,156,324)
Grants payable	8,837,798	10,527,094
Accounts payable	719,559	256,241
	<u>(176,122,870)</u>	<u>(138,346,643)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchases of art	(26,282)	(102,077)
Purchases of building improvements	3,681	(67,900)
Purchases of program and mission related investments	(52,593,627)	(16,624,894)
Sales of program and mission related investments	2,880,617	5,398,259
Sales of investments	584,688,939	678,181,156
Purchases of investments	(400,099,412)	(529,683,331)
	<u>134,853,916</u>	<u>137,101,213</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Proceeds from notes payable	45,744,451	13,391,871
Payments on notes payable	(1,114,477)	(7,836,931)
	<u>44,629,974</u>	<u>5,554,940</u>
Net cash provided by financing activities		
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,361,020	4,309,510
Cash, cash equivalents, and restricted cash, beginning of year	<u>15,109,910</u>	<u>10,800,400</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 18,470,930</u></u>	<u><u>\$ 15,109,910</u></u>
Supplemental cash flow information		
Cash paid during the year for taxes	\$ 624,529	\$ 2,761,113
Cash paid during the year for interest	800,026	523,872

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

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

NOTE A - ORGANIZATION

The consolidated financial statements include the accounts of Dogwood Health Trust (the "Parent") and its consolidated subsidiaries, Impact Health and Innovate WNC, LLC (collectively, "Dogwood"). Intercompany transactions and balances are eliminated during consolidation.

Dogwood is to have a perpetual existence to achieve its purpose, which is to dramatically improve the health and well-being of all people and communities of Western North Carolina, no exceptions. Dogwood has been classified as a private non-operating foundation and, accordingly, is subject to federal excise taxes imposed on net investment income, including realized capital gains. Dogwood is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

NOTE B - METHOD OF ACCOUNTING

Dogwood presents its consolidated financial statements on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

NOTE C - BASIS OF PRESENTATION

The net assets of Dogwood and changes therein are classified and reported as follows:

- a. Net assets without donor restrictions - These amounts are free from donor restrictions and are available for appropriation to the beneficiaries of Dogwood and for necessary costs to administer the funds.
- b. Net assets with donor restrictions - These amounts are subject to donor restrictions that will be met by the actions of the board of directors ("Board"). As of December 31, 2024 and 2023, there were \$12,491,942 and \$13,965,199, respectively held as net assets with donor restrictions.

Interest and dividends are reported as increases in net assets without donor restrictions. Realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions. Expenses and appropriations are recorded as decreases in net assets without donor restrictions.

Program-Related Investments (PRIs) are investments made primarily to accomplish a not-for-profit organization's exempt purposes rather than to generate income. These are interest-bearing loans that support charitable activities such as affordable housing, education, or economic development. Interest income is accrued based on the interest rate implicit in the loan agreement. The Trust establishes a provision for credit losses based on anticipated collection losses from historical collection experience, the aging of receivable accounts, accounts in dispute, macroeconomic factors. The Company currently uses one segment for assessing credit risk to its receivable portfolio. The Company has a provision for credit losses of \$360,687 for both years ended December 31, 2024 and December 31, 2023.

Dogwood has elected to implement the requirements of the Uniform Prudent Management of Institutional Funds Act. As a result of this implementation, and if Dogwood receives donor restricted funds, Dogwood will classify donor restricted net assets maintained in perpetuity at the original value of original corpus less distributions specified by the donor.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

During 2023 and 2024, Dogwood's subsidiary, Impact Health, received funding from North Carolina Department of Health and Human Services to operate the Health Opportunities Pilot program of evaluating the impact from non-medical interventions. All funding from this program is restricted for programmatic uses.

NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash deposits held at Dogwood's banking institution. Dogwood maintains cash balances that may be in excess of FDIC insured limits. Cash equivalents are investments with a duration of 3 months or less. For 2024 and 2023, total uninsured cash balances were \$16,741,222 and \$13,467,204, respectively.

A portion of the cash and cash equivalents are held on the balance sheet with restriction. For 2024 and 2023, the total amount of restricted cash and cash equivalents were \$8,957,510 and \$10,416,396, respectively.

NOTE E - INVESTMENTS

Dogwood accounts for investments under Accounting Standards Codification (ASC 958), Not-for-Profit Entities, through which Dogwood has elected to record investments at estimated fair market value with gains and losses included in the Consolidated Statements of Activities. Realized gains and losses are recognized when securities are sold based on the average cost method. Unrealized gains and losses are recognized as the value of the underlying investments fluctuate but not distributed to Dogwood.

Dogwood's investments are carried at fair value. Investment fees, interest, dividends, realized and unrealized gains and losses are included within investment returns, net in the Consolidated Statements of Activities.

For 2024 and 2023, the total internal and external direct expenses totaled \$4,807,811 and \$3,080,264, respectively. Investment expenses are presented in investment returns, net within the Consolidated Statements of Activities.

NOTE F - FIXED ASSETS

Furniture and equipment owned by Dogwood are stated at cost at the date of acquisition. Useful lives range from 7 years for furniture and 5 years for technological equipment. Depreciation is calculated on the straight-line basis over the assets' estimated useful lives.

Useful lives of the buildings are 39 years. Depreciation is calculated on the straight-line basis over the assets' estimated useful lives.

In 2024 and 2023, artwork totaling \$26,282 and \$102,077, respectively was acquired from local artists showcasing pieces that accentuate the historical and cultural context of our region.

Dogwood's policy is to capitalize fixed assets with a purchase price at or above \$10,000 and to depreciate over its useful life.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

NOTE G - GRANTS PAYABLE

Dogwood records a grant payable once a counter-signed grant agreement is received from the grantee following approval by either the Chief Executive Officer, Community Investment Committee, Audit & Finance Committee, or the Board, with approval authority levels dependent on grant-size. The grants payable account is reduced when the scheduled grant is disbursed. For the years ended December 31, 2024 and 2023, Dogwood had grants payable totaling \$45,975,261 and \$37,137,463, respectively.

	<u>2024</u>
2025	\$ 36,247,163
2026	9,654,163
2027	<u>73,935</u>
	<u>\$ 45,975,261</u>

NOTE H - TAX PROVISIONS

Dogwood is exempt from federal and state income taxes on related income under Section 501(c)(3) of the IRC and is classified as a private foundation. Therefore, Dogwood is subject to federal excise taxes imposed on net investment income, including realized gains. The annual federal excise tax is 1.39 percent on this amount. In addition to excise taxes, Dogwood may be required to pay unrelated business income tax on some of its private investments. As of December 31, 2024, Dogwood does not expect these amounts to be material.

NOTE I - FAIR VALUE MEASUREMENTS

Dogwood considers various factors in determining the fair value of its investments, including cost, investment type, additional purchases of similar investments, the financial position of the underlying investments and other relevant factors.

Dogwood, in accordance with ASC 820, discloses its assets and liabilities, recorded at fair value into the fair value hierarchy. Fair value is defined, by US GAAP, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain Dogwood assets are held in various alternative investments, including limited partnerships that invest in the securities of companies, hedge funds and other investments, may not be immediately liquid and do not have a readily determinable fair value. The partnerships' general partners, who must follow the valuation guidelines stipulated in their respective limited partnership agreements, determine the fair value of such partnership investments. For its alternative investments, Dogwood is eligible and has utilized the practical expedient method to measure fair value under generally accepted accounting principles. In accordance with the practical expedient method, the net asset value ("NAV") reported by the underlying alternative investment is concluded to represent the fair value.

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - valuation based on market observables. An identical asset may not exist, or the market may be less active, or a quote price is unavailable.

Level 3 - Inputs that are unobservable and significant to the overall fair value measurement.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

For Level 3 investments, Dogwood employs a market approach, utilizing market-based data and compares the investment to similar assets, most notably exchange traded funds. For the year ended December 31, 2024 and 2023, there were no purchases or sales of Level 3 investments. In addition, there were no transfers in or out of Level 3 investments as of December 31, 2024 or 2023.

NOTE J - RISKS AND UNCERTAINTIES

Dogwood's investments are held in multiple types of investment vehicles and strategies. These investments are subject to various risks, including changes in interest rates, underlying asset credit risks, liquidity risks, foreign exchange risks and general market volatility. In addition to these risks, a portion of Dogwood's investments are in alternative investments which contain redemption limitations. Generally, alternative investment transactions are completed through secondary markets and therefore inherently are subject to the risks associated with these markets. This has the potential to affect the estimated fair value of these alternative investments.

NOTE K - USE OF ESTIMATES

Dogwood has made certain estimates and assumptions relating to the reporting of its assets, liabilities, revenues, and expenses in conformity with US GAAP. Actual results could differ from these estimates. Assets without readily determinable fair values contain such risks.

NOTE L - LIQUIDITY

Dogwood manages its financial assets to be available as its operating expenditures, and obligations are due. Dogwood invests excess cash in short-duration fixed income vehicles to maximize returns. Currently, Dogwood does not use any debt instruments to supplement its cash reserves.

	2024	2023
Total assets	\$2,018,430,663	\$1,906,382,918
Less:		
Illiquid investments	524,263,666	453,541,664
Fixed assets	13,309,888	13,688,028
Cash, restricted	8,957,510	10,416,396
Other assets	62,095,163	50,853,477
Financial assets available within one year	<u>\$1,409,804,436</u>	<u>\$1,377,883,353</u>

NOTE M - PROVISION FOR TAX LIABILITY

During 2024, Dogwood recorded a prepaid tax asset for 2023 estimated payments and that were in excess of the 2023 tax liability. For the years ended December 31, 2024 and 2023, Dogwood had \$143,903 and \$2,138,454, respectively. This is recorded in Other assets on the Consolidated Statements of Financial Position.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

NOTE N - INVESTMENTS

The table below shows investments by class.

	2024		2023	
	Cost	Market	Cost	Market
Fixed income	\$ 105,787,129	\$ 141,030,221	\$ 88,130,376	\$ 93,600,601
Futures contracts	57,382,566	72,484,594	90,575,350	112,772,957
Equities	313,239,828	381,915,867	410,075,437	447,196,001
Hedged strategies	422,261,806	735,751,804	490,959,198	691,321,659
Private investments	356,246,904	524,024,661	324,630,686	453,278,253
Cash in transit	-	-	8,974,109	8,974,109
	<u>\$1,254,918,233</u>	<u>\$1,855,207,147</u>	<u>\$1,413,345,156</u>	<u>\$1,807,143,580</u>

Fixed Income - includes corporate debt securities and funds holding similar investments as well as debt-based derivatives.

Futures Contracts – includes exchange traded futures contracts which track various stock indexes.

Equities - includes domestic and non-domestic stocks as well as long-only stock funds.

Hedged Strategies - includes interest in partnerships which invest in multiple strategies, including long and short domestic and international equities, credit, and event-arbitrage strategies.

Private Investments - includes interests in partnerships that hold illiquid investments which include venture capital and private equity strategies.

Dogwood invests in fully collateralized exchange traded futures contracts to invest in carbon emission trading allowances, held in the investment portfolio. The fair values of futures contracts are primarily determined by the market comparable technique, using quoted contract prices on futures exchange markets. The unobservable input is the futures prices of \$36.31 and \$42.32 at December 31, 2024 and 2023, respectively. Any gains or losses are reflected in Investment returns, net on the Consolidated Statements of Activities.

As of December 31, 2024 and 2023, redemption frequency and the corresponding notice period for all investments are presented in the table below. Unfunded commitments listed in the following table are as of December 31, 2024 and 2023. Dogwood measures fair value at the amount anticipated to be received to sell a particular asset at the date of measurement. Guidance lists the assumptions that market participants would use in pricing the asset into a three-tier fair value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs would include, for example, quoted prices for similar assets or liabilities. Level 3 inputs that are unobservable and significant to the overall fair value measurement.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

A portion of the investments were held as collateral for Dogwood's notes payables. As of December 31, 2024 and 2023, the amounts were \$96,884,696 and \$64,323,822, respectively. Refer to Note R for additional information.

	2024			2023		
	Unfunded Commitments	Liquidity (Days)	Notice (Days)	Unfunded Commitments	Liquidity (Days)	Notice (Days)
Fixed income	\$ -	1 to 7	1	\$ -	1 to 7	1
Futures contracts	-	1 to 7	1	-	1 to 7	1
Equities	-	1 to 30	1 to 30	-	1 to 30	1 to 30
Hedged strategies	10,497,536	1 to 365	1 to 180	30,401,018	1 to 365	1 to 180
Private investments	290,905,567	Illiquid	N/A	266,844,577	Illiquid	N/A

Dogwood utilizes derivative financial instruments in the normal course of its investment activities. These instruments include fully collateralized, exchange-traded futures contracts, international equity index derivatives, and interest rate agreements. The purpose of these instruments is to manage exposure to market risks and enhance investment returns. Dogwood does not designate any derivative instruments as hedging instruments under ASC 815.

The fair values of derivative instruments are determined using the market approach, based on quoted prices in active markets (Level 1 inputs). All derivatives are recorded at fair value in the statement of financial position, and changes in fair value are recognized in the statement of activities as part of investment return. As of December 31, 2024 and 2023, the fair values of Dogwood's derivative contracts were \$808,236,398 and \$804,094,617 respectively.

For the years ended December 31, 2024 and 2023, net gains from derivative instruments were \$174,839,890 and \$98,651,493 respectively. These amounts are included in investment return, net, in the accompanying statements of activities.

December 31, 2024	Market	Level 1	Level 2	Level 3	NAV
Fixed income	\$ 141,030,221	\$ 43,818,073	\$ 70,414,274	\$ -	\$ 26,797,874
Futures contracts	72,484,594	61,721,970	-	10,762,624	-
Equities	381,915,867	112,678,629	-	-	269,237,238
Hedged strategies	735,751,804	-	-	-	735,751,804
Private investments	524,024,661	-	-	-	524,024,661
Cash in transit	-	-	-	-	-
	<u>\$ 1,855,207,147</u>	<u>\$ 218,218,672</u>	<u>\$ 70,414,274</u>	<u>\$ 10,762,624</u>	<u>\$ 1,555,811,577</u>
December 31, 2023	Market	Level 1	Level 2	Level 3	NAV
Fixed income	\$ 93,600,601	\$ 12,694,926	\$ 67,365,920	\$ -	\$ 13,539,755
Futures contracts	112,772,957	100,201,269	-	12,571,688	-
Equities	447,196,001	138,895,395	-	-	308,300,606
Hedged strategies	691,321,659	-	-	-	691,321,659
Private investments	453,278,253	-	-	-	453,278,253
Cash in transit	8,974,109	8,974,109	-	-	-
	<u>\$ 1,807,143,580</u>	<u>\$ 260,765,699</u>	<u>\$ 67,365,920</u>	<u>\$ 12,571,688</u>	<u>\$ 1,466,440,273</u>

As of December 31, 2024 and 2023, Dogwood had \$60,606,175 and \$47,447,170, respectively of investment receivables, included in Other assets on the Consolidated Statements of Financial Position. Dogwood also maintains an investment held at fair value included in Program and mission related

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

investments, net on the Consolidated Statements of Financial Position totaling \$6,736,504 and \$4,497,356 for the years ended December 31, 2024 and 2023.

NOTE O - FIXED ASSETS, NET

Property and equipment, net is summarized as of December 31, 2024 and 2023:

	2024	2023
Buildings	\$ 5,319,942	\$ 5,324,849
Building improvements	4,887,908	4,887,908
Land	3,292,859	3,292,859
Furnitures and fixtures	707,948	707,948
Equipment	330,530	330,530
Art collection	128,359	102,077
	<hr/>	<hr/>
Gross	14,667,546	14,646,171
	<hr/>	<hr/>
Accumulated depreciation	(1,357,658)	(958,143)
	<hr/>	<hr/>
Net fixed assets	\$ 13,309,888	\$ 13,688,028
	<hr/>	<hr/>

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable in the future. The test to determine this possible impairment is based on the future cash flows, undiscounted, expected to result from the remaining useful life of the asset. Recognition of this impairment and measurement thereof, occurs when the asset's carrying value exceeds its fair value. As of December 31, 2024 and 2023, no impairment was identified or recognized. As of December 31, 2024 and 2023, total depreciation expense totaled \$400,741 and \$400,163, respectively.

NOTE P - CONTRIBUTIONS RECEIVED

During 2024, Dogwood received \$8,886,274 of restricted cash. Included in this total were transfers from North Carolina Department of Health and Human Services ("NC DHHS"). The transfer from NC DHHS was made in relation to the Healthy Opportunities Pilot and Impact Health.

During 2023, Dogwood received \$8,416,701 of restricted cash. Included in this total were transfers from North Carolina Department of Health and Human Services ("NC DHHS"). The transfer from NC DHHS was made in relation to the Healthy Opportunities Pilot and Impact Health.

NOTE Q - FUNCTIONAL EXPENSES

The cost of program activities and administrative needs have been summarized on a functional basis on the Consolidated Statements of Activities. The Statement of Functional Expenses presents expenditures by function and classification. Expenses directly attributable to a specific functional area are reported within that functional area.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

Expenses are reported on the Consolidated Statements of Activities in natural categories. Functional expenses were categorized as follows:

December 31, 2024			
Type	Program Expenses	Administrative Expenses	Total Functional Expenses
Compensation and benefits	\$ 10,764,865	\$ 2,893,538	\$ 13,658,403
Professional fees	4,837,394	1,231,806	6,069,200
Insurance	18,448	247,114	265,562
Depreciation	-	400,743	400,743
Travel and education	407,335	48,932	456,267
Other expenses	1,067,929	1,734,022	2,801,951
Technology	315,769	272,155	587,924
			<u>\$ 24,240,050</u>

December 31, 2023			
Type	Program Expenses	Administrative Expenses	Total Functional Expenses
Compensation and benefits	\$ 8,128,394	\$ 2,576,358	\$ 10,704,752
Professional fees	2,258,634	1,023,954	3,282,588
Insurance	20,974	234,744	255,718
Depreciation	11,432	388,731	400,163
Travel and education	116,252	59,992	176,244
Other expenses	341,579	2,266,402	2,607,981
Technology	92,766	241,948	334,714
			<u>\$ 17,762,160</u>

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

NOTE R - NOTES PAYABLE

On July 31, 2020, Dogwood entered into a term loan in the amount of \$15,000,000. The loan bears an interest rate of 2.16% and is secured by a portion of equities. The loan proceeds were used to buy land and buildings which serve as Dogwood's headquarters. As of December 31, 2023 and 2022, the principal balance of the note payable was \$12,228,755 and \$12,879,459, respectively. The loan matures on August 31, 2030.

	<u>Principal</u>
2025	\$ 665,882
2026	680,612
2027	695,668
2028	710,438
2029	726,773
Thereafter	<u>8,749,382</u>
Total	<u>\$ 12,228,755</u>

On March 31, 2021, Dogwood entered into a line of credit in the amount of \$10,000,000. The loan bears an interest rate of 2.20% and is secured by a portion of equities. The purpose of the loan was to catalyze local program related investments. As of March 31, 2023, the line of credit became a term loan. As of December 31, 2024 and 2023, the outstanding principal balance of the loan was \$9,195,301 and \$9,659,074. The loan matures on March 30, 2031.

	<u>Principal</u>
2025	\$ 474,253
2026	484,970
2027	495,928
2028	507,135
2029	518,594
Thereafter	<u>6,714,421</u>
Total	<u>\$ 9,195,301</u>

On July 21, 2021, Dogwood entered into a line of credit in the amount of \$100,000,000. The loan bears an interest rate of 3.10% and is secured by a portion of equities. The purpose of the loan was to catalyze local program related investments. As of December 31, 2024 and 2023, the outstanding principal balance of the loan was \$26,236,254 and \$4,183,254, respectively. The loan matures on July 21, 2041.

On September 22, 2023, Dogwood entered into a line of credit in the amount of \$30,000,000. The loan bears an interest rate of 4.37% and is secured by a bank deposit. The purpose of the loan was to catalyze local program related investments. As of December 31, 2024, the outstanding principal balance of the loan was \$23,691,450, which approximates fair value. The loan matures on September 22, 2025.

As of December 31, 2024 and 2023, total interest expense totaled \$800,026 and \$523,872.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

(with comparative amounts for the year ended December 31, 2023 and summarized financial information for the year ended December 31, 2023)

NOTE S - SUBSEQUENT EVENTS

Debt Financing - on June 30, 2025, subsequent to the year ended December 31, 2024, Dogwood drew the remaining \$73,763,746 from its line of credit entered into on July 21, 2021.

Dogwood has determined that there were no other material events that were not disclosed after the balance sheet date of December 31, 2024, through the date which the consolidated financial statements were available to be issued on July 22, 2025.