Dogwood Health Trust

Consolidated Financial Statements
December 31, 2025

(with comparative amounts for the year ended December 31, 2024 and summarized financial information for the year ended December 31, 2024)



Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	5
Consolidated statements of activities	6
Consolidated statements of cash flows	7
Notes to the consolidated financial statements	8

GRANT THORNTON LLP
1320 Main Street, Suite 500
Columbia, SC 29201-6208

D +1 803 231 3100
F +1 803 231 3057

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, 2025, 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, 2025, 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 2024 summarized comparative information

We have previously audited the Trust's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 22, 2025. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2024 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.

Grant Thornton LLP is a U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

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

Columbia, South Carolina
July 22, 2026

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2025
(with comparative amounts for the year ended December 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents (Note D)	$ 69,038,856	$ 9,513,420
Cash, restricted (Note D)	3,603,092	8,957,510
Investments, at fair value (Note N)	1,977,379,290	1,855,207,147
Program and mission related investments, net (Note N)	90,392,861	69,237,702
Fixed assets, net (Note O)	12,953,063	13,309,888
Other assets	77,651,665	62,204,999
Total assets	$2,231,018,827	$2,018,430,666
LIABILITIES AND NET ASSETS		
Grants payable (Note G)	$ 44,244,842	$ 45,975,261
Accounts payable	2,247,031	1,662,298
Notes payable (Note R)	141,964,661	71,351,761
Total liabilities	188,456,534	118,989,320
Net assets		
With donor restrictions	5,632,240	12,491,942
Without donor restrictions	2,036,930,053	1,886,949,404
Total net assets	2,042,562,293	1,899,441,346
Total liabilities and net assets	$2,231,018,827	$2,018,430,666

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

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF ACTIVITIES

December 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	Without Donor Restriction	With Donor Restriction	2025	2024
Revenue				
Contributions received	$ -	$ 3,881,433	$ 3,881,433	$ 8,886,274
Investment returns, net	302,249,897	-	302,249,897	233,787,223
Other revenue	1,344,069	-	1,344,069	-
Total revenues	303,593,966	3,881,433	307,475,399	242,673,497
Expenses				
Program expenses	28,253,153	-	28,253,153	17,411,740
Administrative expenses	3,700,348	-	3,700,348	6,828,307
Total expenses	31,953,501	-	31,953,501	24,240,047
Grants				
Grants approved	132,400,951	-	132,400,951	160,573,033
Total grants approved	132,400,951	-	132,400,951	160,573,033
Released from restriction	10,741,135	(10,741,135)	-	-
CHANGE IN NET ASSETS	149,980,649	(6,859,702)	143,120,947	57,860,417
Net assets at beginning of year	1,886,949,404	12,491,942	1,899,441,346	1,841,580,929
Net assets at end of year	2,036,930,053	$ 5,632,240	$2,042,562,293	$1,899,441,346

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

Dogwood Health Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2025
(with summarized financial information for the year ended December 31, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 143,120,947	$ 57,860,417
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	398,893	400,741
Net realized gains on investment transactions	(105,682,903)	(26,162,605)
Unrealized gain on assets	(200,082,736)	(206,490,489)
Provision for loan losses	1,491,429	-
Changes in operating assets and liabilities:		
Other assets	(15,446,666)	(11,288,291)
Grants payable	(1,730,419)	8,837,798
Accounts payable	584,733	719,559
Net cash used in operating activities	(177,346,722)	(176,122,870)
Cash flows from investing activities:		
Purchases of art	(42,068)	(26,282)
Purchases of building improvements	-	3,681
Purchases of program and mission related investments	(27,527,692)	(52,593,627)
Sales of program and mission related investments	4,881,104	2,880,617
Sales of investments	1,082,157,634	584,688,939
Purchases of investments	(898,564,138)	(400,099,412)
Net cash provided by investing activities	160,904,840	134,853,916
Cash flows from financing activities		
Proceeds from notes payable	71,778,482	45,744,451
Payments on notes payable	(1,165,582)	(1,114,477)
Net cash provided by financing activities	70,612,900	44,629,974
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	54,171,018	3,361,020
Cash, cash equivalents, and restricted cash, beginning of year	18,470,930	15,109,910
Cash, cash equivalents, and restricted cash, end of year	$ 72,641,948	$ 18,470,930
Supplemental cash flow information		
Cash paid during the year for taxes	$ 4,449,443	$ 624,529
Cash paid during the year for interest	3,507,776	800,026

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

NOTE A - ORGANIZATION

The consolidated financial statements include the accounts of Dogwood Health Trust (the "Parent") and its consolidated subsidiaries, Impact Health, Impact Primary Care Network 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, 2025 and 2024, there were $5,632,240 and $12,491,942, 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 are investments made primarily to accomplish a not-for-profit organization's exempt purposes rather than to generate income. These include 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. Dogwood establishes a provision for credit losses based on anticipated collection losses, which is derived from an evaluation of historical loss experience, the aging of outstanding receivables, specific accounts identified as disputed or uncollectible, and current and forecasted macroeconomic conditions. Loans are placed on nonaccrual status when the collection of principal or interest is not probable, generally when a loan becomes 90 days past due, unless the loan is both well secured and in the process of collection. When a loan is placed on nonaccrual status, Dogwood ceases accruing interest income. Interest previously accrued but not collected is reversed against current period interest income.

Dogwood currently uses one segment for assessing credit risk for its receivable portfolio. As of December 31, 2025 and 2024, Dogwood has a provision for credit losses of $1,852,116 and $360,687, respectively.

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.

During 2024 and 2025, 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. During 2025, Impact Health formed a subsidiary, Impact Primary Care Network, a clinically integrated network of healthcare providers that work together to improve the care quality in Western North Carolina.

NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash deposits held at Dogwood's banking institutions. Dogwood maintains cash balances that may be in excess of Federal Deposit Insurance Corporation insured limits. Cash equivalents are investments with a duration of three months or less. For 2025 and 2024, total uninsured cash balances were $70,666,477 and $16,741,222, respectively.

A portion of the cash and cash equivalents are held on the balance sheet with restriction. For 2025 and 2024, the total amount of restricted cash and cash equivalents were $3,603,092 and $8,957,510, 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 2025 and 2024, the total internal and external direct expenses totaled $6,986,369 and $4,807,811, 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 up to seven years for furniture and five 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 2025 and 2024, artwork totaling $42,068 and $26,282, 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.

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 and Finance Committee, or the Board of Directors, 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, 2025 and 2024, Dogwood had grants payable totaling $44,244,842 and $45,975,261, respectively.

	2025
2026	$ 35,810,437
2027	6,067,092
2028	2,367,313
	$ 44,244,842

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, 2025, 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.

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, 2025 and 2024, 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, 2025 or 2024.

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. Dogwood does not rely on short-term debt for liquidity management.

	2025	2024
Total assets	$2,231,018,827	$2,018,430,666
Less:		
Illiquid investments	621,383,455	524,263,666
Fixed assets	12,953,063	13,309,888
Cash, restricted	3,603,092	8,957,510
Other assets	77,651,665	62,204,999
Financial assets available within one year	$1,515,427,552	$1,409,694,600

NOTE M - PROVISION FOR TAX LIABILITY

During 2025, Dogwood recorded a prepaid tax asset related to estimated payments made for 2024 that exceeded the associated tax liability. As of December 31, 2025 and 2024, prepaid tax assets totaled $2,307,924 and $143,903, respectively. These amounts are included in other assets on the Consolidated Statements of Financial Position.

NOTE N - INVESTMENTS

The table below shows investments by class.

	2025		2024	
	Cost	Market	Cost	Market
Fixed income	$ 186,214,886	$ 229,013,272	$ 105,787,129	$ 141,030,221
Futures contracts	58,935,830	92,405,284	57,382,566	72,484,594
Equities	243,466,555	389,169,709	313,239,828	381,915,867
Hedged strategies	305,477,810	645,546,719	422,261,806	735,751,804
Private investments	382,912,561	621,244,306	356,246,904	524,024,661
	$1,177,007,642	$1,977,379,290	$1,254,918,233	$1,855,207,147

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 $32.90 and $36.31 at December 31, 2025 and 2024, respectively. Any gains or losses are reflected in investment returns, net on the Consolidated Statements of Activities.

As of December 31, 2025 and 2024, 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, 2025 and 2024. 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.

A portion of the investments were held as collateral for Dogwood's notes payables. As of December 31, 2025 and 2024, the amounts were $158,776,882 and $96,884,696, respectively. Refer to Note R for additional information.

	2025			2024		
	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	7,833,718	1 to 365	1 to 180	10,497,536	1 to 365	1 to 180
Private investments	312,109,625	Illiquid	N/A	290,905,567	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, 2025 and 2024, the fair values of Dogwood's derivative contracts were $92,405,284 and $72,484,594, respectively. Dogwood also invests in hedged strategies which use derivatives as part of the investment strategy. As of December 31, 2025 and 2024, the fair values of hedged strategies was $645,546,719 and $735,751,804, respectively.

For the years ended December 31, 2025 and 2024, net gains from derivative instruments were $52,498,240 and $174,839,890, respectively. These amounts are included in investment return, net, in the accompanying statements of activities.

December 31, 2025	Market	Level 1	Level 2	Level 3	NAV
Fixed income	$ 229,013,272	$ 148,088,380	$ 52,934,020	$ -	$ 27,990,872
Futures contracts	92,405,284	82,767,646	-	9,637,638	-
Equities	389,169,709	113,665,341	-	-	275,504,368
Hedged strategies	645,546,719	-	-	-	645,546,719
Private investments	621,244,306	-	-	-	621,244,306
	$ 1,977,379,290	$ 344,521,367	$ 52,934,020	$ 9,637,638	$ 1,570,286,265

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
	$ 1,855,207,147	$ 218,218,672	$ 70,414,274	$ 10,762,624	$ 1,555,811,577

As of December 31, 2025 and 2024, Dogwood had $73,175,259 and $60,606,175, respectively, of investment receivables, included in other assets on the Consolidated Statements of Financial Position. Dogwood also maintains investments held at fair value included in program and mission related investments, net on the Consolidated Statements of Financial Position totaling $12,611,802 and $8,774,003 for the years ended December 31, 2025 and 2024, respectively. Additionally, Dogwood maintains investments held at cost included in Program and mission related investments, net on the Consolidated Statements of Financial Position totaling $77,781,059 and $60,463,699 for the years ended December 31, 2025 and 2024, respectively.

NOTE O - FIXED ASSETS, NET

Property and equipment, net is summarized as of December 31, 2025 and 2024:

	2025	2024
Buildings	$ 5,319,942	$ 5,319,942
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	170,427	128,359
Gross	14,709,614	14,667,546
Accumulated depreciation	(1,756,551)	(1,357,658)
Net fixed assets	$ 12,953,063	$ 13,309,888

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, 2025 and 2024, no impairment was identified or recognized. As of December 31, 2025 and 2024, total depreciation expense totaled $398,893 and $400,741, respectively.

NOTE P - CONTRIBUTIONS RECEIVED

During 2025, Dogwood received $3,881,433 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 2024, Dogwood received $8,886,274 of restricted cash. Included in this total were transfers from 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.

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

December 31, 2025

Type	Program Expenses	Administrative Expenses	Total Functional Expenses
Compensation and benefits	$ 13,016,609	$ 2,734,926	$ 15,751,535
Professional fees	7,934,594	253,163	8,187,757
Insurance	204,671	68,417	273,088
Depreciation	291,192	107,701	398,893
Travel and education	367,156	44,131	411,287
Other expenses	5,341,151	399,612	5,740,763
Technology	1,097,780	92,398	1,190,178
			$ 31,953,501

December 31, 2024

Type	Program Expenses	Administrative Expenses	Total Functional Expenses
Compensation and benefits	$ 10,764,865	$ 2,893,535	$ 13,658,400
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
			$ 24,240,047

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, 2025 and 2024, the principal balance of the note payable was $11,562,873 and $12,228,755, respectively. The loan matures on August 31, 2030.

	Principal
2026	$ 680,612
2027	695,668
2028	710,438
2029	726,773
2030	8,749,382
Thereafter	-
Total	$ 11,562,873

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 December 31, 2025 and 2024, the outstanding principal balance of the loan was $8,721,048 and $9,195,301, respectively. The loan matures on March 30, 2031.

	Principal
2026	$ 484,970
2027	495,928
2028	507,135
2029	518,594
2030	530,314
Thereafter	6,184,107
Total	$ 8,721,048

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, 2025 and 2024, the outstanding principal balance of the loan was $97,989,289 and $26,236,254, respectively. The loan matures on July 21, 2041.

	Principal
2026	$ 4,953,990
2027	5,111,959
2028	5,267,231
2029	5,442,923
2030	5,616,483
Thereafter	71,596,703
Total	$ 97,989,289

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, 2025, the outstanding principal balance of the loan was $23,691,451, which approximates fair value. The loan matures on September 22, 2026.

As of December 31, 2025 and 2024, total interest expense totaled $1,063,073 and $800,026, respectively.

NOTE S - SUBSEQUENT EVENTS

Dogwood has determined that there were no material events that were not disclosed after the balance sheet date of December 31, 2025, through the date which the consolidated financial statements were available to be issued on July 22, 2026.