

# Dogwood Health Trust

## Consolidated Financial Statements December 31, 2023

(with comparative amounts for the year ended December 31, 2022 and summarized financial information for the year ended December 31, 2022)



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**GRANT THORNTON LLP**

1415 Vantage Park Dr, Suite 500  
Charlotte, NC 28203

**D** +1 704 632 3500

**F** +1 704 334 7701

**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, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the 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, 2023, and the change in its 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 2022 summarized comparative information**

We have previously audited the Trust's consolidated financial statements as of and for the year ended December 31, 2022 (not presented herein). We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 22, 2023. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2022 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  
June 25, 2024

**Dogwood Health Trust**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2023**

**(with comparative amounts for the year ended December 31, 2022)**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,693,514	\$ 2,902,639
Cash, restricted	10,416,396	7,897,761
Sales tax receivables	63,231	251,397
Investments, at fair value (Note N)	1,807,143,580	1,693,774,990
Program, and mission related investments, net	19,524,692	7,958,747
Fixed assets, net (Note O)	13,688,028	13,918,214
Other assets	50,853,477	1,697,153
Total assets	\$ 1,906,382,918	\$ 1,728,400,901
 <b>LIABILITIES AND NET ASSETS</b>		
Grants payable (Note G)	\$ 37,137,463	\$ 26,610,369
Accounts payable	942,739	686,498
Notes payable (Note R)	26,721,787	21,166,847
Total liabilities	64,801,989	48,463,714
 <b>Net assets</b>		
With donor restrictions	13,965,199	11,446,564
Without donor restrictions	1,827,615,730	1,668,490,623
Total net assets	1,841,580,929	1,679,937,187
Total liabilities and net assets	\$ 1,906,382,918	\$ 1,728,400,901

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

**Dogwood Health Trust**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**December 31, 2023**

**(with summarized financial information for the year ended December 31, 2022)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>				
Contributions received	\$ -	\$ 8,416,701	\$ 8,416,701	\$ 13,484,813
Investment returns, net	262,205,725	-	262,205,725	(289,652,174)
Total revenue	262,205,725	8,416,701	270,622,426	(276,167,361)
<b>Expenses</b>				
Program expenses	10,970,031	-	10,970,031	9,801,410
Administrative expenses	6,792,129	-	6,792,129	5,435,355
Total expenses	17,762,160	-	17,762,160	15,236,765
<b>Grants</b>				
Grants approved	91,216,524	-	91,216,524	80,987,358
Total grants approved	91,216,524	-	91,216,524	80,987,358
<b>Released from restriction</b>	5,898,066	(5,898,066)	-	-
<b>CHANGE IN NET ASSETS</b>	159,125,107	2,518,635	161,643,742	(372,391,484)
<b>Net assets at beginning of year</b>	1,668,490,623	11,446,564	1,679,937,187	2,052,328,671
<b>Net assets at end of year</b>	\$ 1,827,615,730	\$ 13,965,199	\$ 1,841,580,929	\$ 1,679,937,187

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

Dogwood Health Trust

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

December 31, 2023

(with comparative amounts for the year ended December 31, 2022)

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 161,643,742	\$ (372,391,484)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	400,163	399,377
Net realized losses on investment transactions	3,238,834	-
Unrealized change on assets	(265,105,246)	289,652,174
Allowance for credit losses	(339,313)	-
Changes in operating assets and liabilities:		
Sales tax receivables	188,166	184,242
Other assets	(49,156,324)	(910,173)
Grants payable	10,527,094	451,815
Accounts payable	256,241	(186,846)
Net cash used in operating activities	(138,346,643)	(82,800,895)
<b>Cash flows from investing activities:</b>		
Purchases of furniture, fixtures, and equipment	-	(358,465)
Purchases of art	(102,077)	-
Purchases of leasehold improvements and buildings	(67,900)	(509,448)
Purchases of program and mission related investments	(16,624,894)	(5,435,000)
Sales of program and mission related investments	5,398,259	1,876,253
Sales of investments	678,181,156	590,561,077
Purchases of investments	(529,683,331)	(510,707,754)
Net cash provided by investing activities	137,101,213	75,426,663
<b>Cash flows from financing activities:</b>		
Proceeds from notes payable	13,391,871	4,713,796
Payments on notes payable	(7,836,931)	(637,390)
Net cash provided by financing activities	5,554,940	4,076,406
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	4,309,510	(3,297,826)
<b>Cash, cash equivalents, and restricted cash, beginning of year</b>	10,800,400	14,098,226
<b>Cash, cash equivalents, and restricted cash, end of year</b>	\$ 15,109,910	\$ 10,800,400
<b>Supplemental cash flow information:</b>		
Cash paid during the year for taxes	\$ 2,761,113	\$ 949,575
Cash paid during the year for interest	\$ 523,872	\$ 396,301

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

**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
and summarized financial information for the  
year ended December 31, 2022)

**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, 2023 and 2022, there were \$13,965,199 and \$11,446,564, 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.

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 2022 and 2023, 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.

Certain reclassifications have been applied to the consolidated financial statements for the prior year to align with the presentation adopted in the current year. These adjustments were made solely for the purpose of enhancing comparability and consistency in financial reporting and had no impact on the previously reported results of operations or financial position.



**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
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**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 Federal Deposit Insurance Corporation insured limits. Cash equivalents are investments with a duration of three months or less. For 2023 and 2022, total uninsured cash balances were \$13,467,204 and \$9,363,901, respectively.

A portion of the cash and cash equivalents are held on the statement of financial position with restriction related to debt. For 2023 and 2022, the total amount of restricted cash and cash equivalents were \$10,416,396 and \$7,897,761, 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 2023 and 2022, the total internal and external direct expenses totaled \$3,080,264 and \$780,545, 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 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 2023, artwork totaling \$102,077 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, Program and Grants Committee, Audit Committee, or the Board, with approval authority levels dependent on grant-size. The grants payable account is reduced

**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
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year ended December 31, 2022)

when the scheduled grant is disbursed. For the years ended December 31, 2023 and 2022, Dogwood had grants payable totaling \$37,137,463 and \$26,610,369, respectively.

2024	\$ 23,560,335
2025	12,169,383
2026	1,333,809
2027	73,936
	<hr/>
	\$ 37,137,463

**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, 2023, Dogwood does not expect these amounts to be material.

**NOTE I - FAIR VALUE MEASUREMENTS**

Dogwood considers various factors in determining 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. During 2022, Dogwood transferred \$11,020,738 from Level 3 to NAV hierarchy. During 2023, no funds were transferred.

Dogwood Health Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

(with comparative amounts for the year ended December 31, 2022  
and summarized financial information for the  
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**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.

	<u>2023</u>	<u>2022</u>
Total Assets	\$1,906,382,918	\$1,728,400,901
Less:		
Illiquid investments	453,541,664	394,413,641
Fixed assets	13,688,028	13,918,214
Cash, restricted	10,416,396	7,897,761
Other assets	<u>50,853,477</u>	<u>1,697,153</u>
Financial assets available within one year	<u>\$1,377,883,353</u>	<u>\$1,310,474,132</u>

**NOTE M - PROVISION FOR TAX LIABILITY**

During 2023, Dogwood recorded a prepaid tax asset for 2022 estimated payments and that were in excess of the 2022 tax liability. For the years ended December 31, 2023 and 2022, Dogwood had \$2,138,454 and \$922,749, 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, 2023**

(with comparative amounts for the year ended December 31, 2022  
and summarized financial information for the  
year ended December 31, 2022)

**NOTE N - INVESTMENTS**

The table below shows investments by class.

	<b>2023</b>		<b>2022</b>	
	Cost	Market	Cost	Market
<b>Fixed income</b>	\$92,239,629	\$93,600,601	\$62,860,435	\$62,549,753
<b>Futures contracts</b>	110,564,171	112,772,957	79,982,430	78,660,505
<b>Equities</b>	421,002,295	447,196,001	515,408,989	472,355,577
<b>Hedged strategies</b>	562,469,338	691,321,659	609,427,514	682,893,193
<b>Private investment</b>	320,587,478	453,278,253	292,205,339	392,118,854
<b>Cash in transit</b>	8,974,109	8,974,109	5,197,108	5,197,108
	<b>\$1,515,837,020</b>	<b>\$1,807,143,580</b>	<b>\$1,565,081,815</b>	<b>\$1,693,774,990</b>

*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 equitize cash balances 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 price of \$42.32 and \$30.35 at December 31, 2023 and 2022, respectively. Any gains or losses are reflected in Investment returns, net on the Consolidated Statements of Activities.

As of December 31, 2023 and 2022, 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, 2023 and 2022. 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 are unobservable and significant to the overall fair value measurement.

**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
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A portion of the investments were held as collateral for Dogwood's notes payables. As of December 31, 2023 and 2022, the amounts were \$64,323,822 and \$32,679,004, respectively. Refer to Note R for additional information.

	<b>2023</b>			<b>2022</b>		
	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	\$30,401,018	1 to 365	1 to 180	\$44,950,565	1 to 365	1 to 180
Private investments	\$266,844,577	Illiquid	N/A	\$254,258,593	Illiquid	N/A

<b>December 31, 2023</b>	<b>Market</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
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	-	-	-
	<b>\$ 1,807,143,580</b>	<b>\$ 260,765,699</b>	<b>\$ 67,365,920</b>	<b>\$ 12,571,688</b>	<b>\$ 1,466,440,273</b>

<b>December 31, 2022</b>	<b>Market</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Fixed income	\$ 62,549,753	\$ 11,896,985	\$ -	\$ -	\$ 50,652,768
Futures contracts	78,660,505	69,277,539	-	9,382,966	-
Equities	472,355,577	140,624,278	-	-	331,731,299
Hedged	682,893,193	-	-	-	682,893,193
Private investments	392,118,854	-	-	-	392,118,854
Cash in transit	5,197,108	5,197,108	-	-	-
Total	<b>\$ 1,693,774,990</b>	<b>\$ 226,995,910</b>	<b>\$ -</b>	<b>\$ 9,382,966</b>	<b>\$ 1,457,396,114</b>

As of December 31, 2023 and 2022, Dogwood had \$47,447,170 and \$0, respectively of investment receivables, included in Other assets on the Consolidated Statements of Financial Position.

**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
and summarized financial information for the  
year ended December 31, 2022)

**NOTE O - FIXED ASSETS, NET**

Property and equipment, net is summarized as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings and leasehold improvements	\$10,212,757	\$ 10,144,857
Land	3,292,859	3,292,859
Furnitures and fixtures	707,948	707,948
Equipment	330,530	330,530
Art Collection	102,077	-
Gross	14,646,171	14,476,194
Accumulated depreciation	(958,143)	(557,980)
<b>Net fixed assets</b>	<u>\$13,688,028</u>	<u>\$ 13,918,214</u>

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, 2023 and 2022, no impairment was identified or recognized. As of December 31, 2023 and 2022, total depreciation expense totaled \$400,163 and \$399,377, respectively.

**NOTE P - CONTRIBUTIONS RECEIVED**

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.

During 2022, Dogwood received \$13,484,813 of restricted cash. Included in this total were transfers from the 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, 2023**

(with comparative amounts for the year ended December 31, 2022  
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year ended December 31, 2022)

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

**December 31, 2023**

<b>Type</b>	<b>Program expenses</b>	<b>Administrative expenses</b>	<b>Total functional expenses</b>
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
	<b>\$ 10,970,031</b>	<b>\$ 6,792,129</b>	<b>\$ 17,762,160</b>

**December 31, 2022**

<b>Type</b>	<b>Program expenses</b>	<b>Administrative expenses</b>	<b>Total functional expenses</b>
Compensation and benefits	\$ 7,260,808	\$ 2,138,850	\$ 9,399,658
Professional Fees	2,198,590	1,100,073	3,298,663
Insurance	14,886	239,511	254,397
Depreciation	31,306	368,071	399,377
Travel and education	33,651	27,478	61,129
Other expenses	225,790	1,328,531	1,554,321
Technology	36,379	232,841	269,220
	<b>\$ 9,801,410</b>	<b>\$ 5,435,355</b>	<b>\$ 15,236,765</b>

**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 \$12,879,459 and \$13,516,847, respectively. The loan matures on August 31, 2030.

	<u>Principal</u>
<b>2024</b>	\$650,704
<b>2025</b>	665,882
<b>2026</b>	680,612
<b>2027</b>	695,668
<b>2028</b>	710,438
<b>Thereafter</b>	9,476,155
<b>Total</b>	<b>\$12,879,459</b>

**Dogwood Health Trust**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023**

(with comparative amounts for the year ended December 31, 2022  
and summarized financial information for the  
year ended December 31, 2022)

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, 2023 and 2022, the outstanding principal balance of the loan was \$9,659,074 and \$7,650,000, respectively. The loan matures on March 30, 2031.

	<u>Principal</u>
<b>2024</b>	\$463,773
<b>2025</b>	474,253
<b>2026</b>	484,970
<b>2027</b>	495,928
<b>2028</b>	507,135
<b>Thereafter</b>	<u>7,233,015</u>
<b>Total</b>	<b>\$9,659,074</b>

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, 2023 and 2022, the outstanding principal balance of the loan was \$4,183,254 and \$0, 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 5.85% and is secured by a bank deposit. The purpose of the loan was to catalyze local program related investments. As of December 31, 2023, the outstanding principal balance of the loan was \$0, which approximates fair value. The loan matures on September 22, 2025.

As of December 31, 2023 and 2022, total interest expense totaled \$523,872 and \$396,301, respectively.

**NOTE S - SUBSEQUENT EVENTS**

Dogwood has determined that there were no material events that were not disclosed after the statement of financial position date of December 31, 2023, through the date which the consolidated financial statements were available to be issued on June 25, 2024.