DELTA DENTAL OF WISCONSIN, INC.
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

STROHM BALLWEG

STROHM BALLWEG

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Delta Dental of Wisconsin, Inc. and Affiliates
Stevens Point, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Delta Dental of Wisconsin, Inc. and Affiliates (the Company), which are comprised of the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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.

Strohm Ballweg, LLP

Madison, Wisconsin
March 19, 2025

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,858,449	$ 48,340,867
Investment – other	4,000,000	4,000,000
Uncollected premiums	10,773,978	8,099,016
Contracts receivable	6,092,275	6,193,996
Other assets	7,292,696	7,569,844
Total current assets	91,017,398	74,203,723
Property and equipment, net	42,310,354	45,002,769
Cloud computing arrangement	1,081,544	250,000
Available-for-sale securities	184,767,206	172,667,065
Common stocks	92,110,837	92,741,980
Investment in NorthWinds Technology Solutions, LLC	5,998,503	8,359,465
Investments in privately held companies	3,838,224	3,153,354
Deferred tax assets	407,201	91,303
Other assets	189,594	285,564
Total assets	$ 421,720,861	$ 396,755,223
LIABILITIES AND EQUITY		
Current liabilities:		
Claims unpaid	$ 16,289,000	$ 14,070,000
Unpaid claims adjustment expenses	1,141,000	906,000
Deferred revenue and group refunds	12,402,480	11,250,525
Accounts payable and accrued expenses	10,985,803	10,174,745
Accrued compensation expense	5,946,110	5,286,430
Amounts retained for account of others	41,573,405	34,457,490
Payable to NorthWinds Technology Solutions, LLC	518,968	142,033
Supplemental executive retirement plan liability	2,009,021	877,272
Notes payable	1,843,642	1,775,761
Other liabilities	2,312,791	1,734,239
Total current liabilities	95,022,220	80,674,495
Notes payable	13,972,912	15,816,554
Supplemental executive retirement plan liability	5,900,865	5,856,124
Other liabilities	189,886	184,827
Total liabilities	115,085,883	102,532,000
Equity:		
Retained earnings	304,582,203	292,535,185
Net assets with donor restrictions	11,130,518	10,422,764
Accumulated other comprehensive loss	(9,077,743)	(8,734,726)
Total equity	306,634,978	294,223,223
Total liabilities and equity	$ 421,720,861	$ 396,755,223

	2024	2023
REVENUES		
Premium revenues:		
Risk premiums earned	$ 400,245,987	$ 377,397,011
Administrative-services-only (ASO) administrative fees	32,886,159	31,291,564
ASO claims reimbursed	582,666,784	546,355,746
Total premium revenues	1,015,798,930	955,044,321
ASO claims incurred	(582,666,784)	(546,355,746)
Reinsurance ceded	(11,109,091)	(10,683,455)
Total net premium revenues	422,023,055	398,005,120
Other revenues:		
Administrative income	37,839,591	32,932,636
Investment and other income	7,602,952	6,243,911
Net realized loss on sale of investments in available-for-sale securities	(111,294)	(41,024)
Net realized gain on sale of investments in common stocks	6,260,017	2,490,820
Net unrealized holding gain on common stocks	119,948	12,426,759
Loss on investment in NorthWinds Technology Solutions, LLC	(2,360,962)	(2,046,559)
Gain (loss) on investments in privately held companies	(34,605)	275,750
Net realized gain on sale of property and equipment	140	6,320
Contributions released	26,611	47,920
Total other revenues	49,342,398	52,336,533
Total revenues	471,365,453	450,341,653
EXPENSES		
Risk claims incurred	315,878,379	296,947,402
Reinsurance recoveries	(8,931,331)	(8,610,433)
Increase (decrease) in aggregate reserves	41,000	(239,000)
Claims adjustment expenses incurred	34,288,054	30,128,426
Operating expenses	117,447,620	104,153,644
Reinsurance ceded commissions	(2,506,665)	(2,342,308)
Total expenses	456,217,057	420,037,731
Income before income tax expense	15,148,396	30,303,922
Income tax expense	3,101,378	3,661,367
Net income	$ 12,047,018	$ 26,642,555

	2024	2023
Net income	$ 12,047,018	$ 26,642,555
Other comprehensive gain (loss), net of tax:		
Net unrealized holding gain (loss) arising during period	(439,733)	4,171,332
Reclassification adjustment for losses included in net income	96,716	29,759
Other comprehensive gain (loss)	(343,017)	4,201,091
Comprehensive income	$ 11,704,001	$ 30,843,646

	Retained Earnings	Net Assets with Donor Restrictions	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, January 1, 2023	$ 265,892,630	$ 9,471,846	$ (12,935,817)	$ 262,428,659
Comprehensive income (loss):				
Net income	26,642,555	-	-	26,642,555
Other comprehensive income, net of tax of $441,761	-	-	4,201,091	4,201,091
Contributions with donor restrictions	-	35,987	-	35,987
Distributions with donor restrictions	-	(32,537)	-	(32,537)
Contributions released from restrictions	-	(15,255)	-	(15,255)
Net investment income with donor restrictions	-	147,367	-	147,367
Net unrealized gain with donor restrictions	-	815,356	-	815,356
Balance, December 31, 2023	292,535,185	10,422,764	(8,734,726)	294,223,223
Comprehensive income (loss):				
Net income	12,047,018	-	-	12,047,018
Other comprehensive loss, net of tax of ($35,708)	-	-	(343,017)	(343,017)
Contributions with donor restrictions	-	44,381	-	44,381
Distributions with donor restrictions	-	(1,309)	-	(1,309)
Contributions released from restrictions	-	(25,303)	-	(25,303)
Net investment income with donor restrictions	-	301,057	-	301,057
Net unrealized gain with donor restrictions	-	388,928	-	388,928
Balance, December 31, 2024	$ 304,582,203	$ 11,130,518	$ (9,077,743)	$ 306,634,978

	2024	2023
Cash flows from operating activities:		
Net income	$ 12,047,018	$ 26,642,555
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	2,754,216	2,742,874
Amortization of premium on debt securities	151,245	316,447
Deferred taxes	(280,190)	599,403
Net loss on sale of available-for-sale securities	111,294	41,024
Net gain on sale of common stocks	(6,260,017)	(2,490,820)
Net unrealized holding (gain) loss on common stock	257,931	(12,034,855)
Loss on investment in NorthWinds Technology Solutions, LLC	2,360,962	2,046,559
(Gain) loss on investments in privately held companies	34,605	(275,750)
Gain on sale of property and equipment	(140)	(6,320)
Net contributions with donor restrictions	17,769	(11,805)
Change in assets and liabilities:		
Uncollected premiums	(2,674,962)	(5,635,334)
Contracts receivable	101,721	(1,372,563)
Reinsurance recoverable on claims unpaid	3,500	75,000
Cloud computing arrangement	(1,328,382)	-
Other assets	866,456	(482,829)
Claims unpaid and unpaid claims adjustment expenses	2,454,000	816,000
Deferred revenue and group refunds	1,151,955	321,309
Accrued expenses	1,470,738	958,649
Amounts retained for account of others	7,115,915	4,636,556
Payable to NorthWinds Technology Solutions, LLC	376,935	(1,442,812)
Notes payable	67,881	62,005
Supplemental executive retirement plan liability	1,176,490	1,511,972
Other liabilities	583,608	243,894
Net cash provided by operating activities	22,560,548	17,261,159
Cash flows from investing activities:		
Proceeds from sale of available-for-sale securities	20,400,912	9,768,283
Proceeds from maturity of available-for-sale securities	10,175,000	18,194,000
Proceeds from the sale of common stocks	31,032,275	26,253,351
Proceeds from the sale of privately held companies	12,527	397
Purchase of investment – other	-	(4,000,000)
Purchase of available-for-sale securities	(42,501,402)	(39,621,722)
Purchase of common stocks	(24,529,217)	(28,890,436)
Purchase of privately held companies	(732,000)	(411,000)
Proceeds from sale of property and equipment	184,936	594,333
Purchase of property and equipment	(246,598)	(1,092,055)
Net cash used for investing activities	$ (6,203,567)	$ (19,204,849)

See Notes to the Consolidated Financial Statements.

	2024	2023
Cash flows from financing activities:		
Notes payable	$ (1,843,642)	$ (1,775,761)
Investment return restricted for endowment	226,394	194,314
Proceeds from sale of available-for-sale securities (endowment)	1,261,232	1,928,280
Proceeds from the sale of common stocks (endowment)	1,103,358	522,104
Purchase of available-for-sale securities (endowment)	(2,059,084)	(2,084,189)
Purchase of common stocks (endowment)	(527,657)	(574,661)
Net cash used for financing activities	(1,839,399)	(1,789,913)
Net increase (decrease) in cash and cash equivalents	14,517,582	(3,733,603)
Cash and cash equivalents, beginning of year	48,340,867	52,074,470
Cash and cash equivalents, end of year	$ 62,858,449	$ 48,340,867
Supplemental disclosures of cash flows information:		
Cash payments for income taxes	$ 2,360,000	$ 2,645,000
Cash payments for interest	619,451	678,019
Supplemental schedule of noncash investing and financing activities:		
Change in net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(343,017)	4,201,091

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies

Nature of Business. Delta Dental of Wisconsin, Inc. (Delta WI) was organized in 1962 under Chapters 613 and 181 of the state of Wisconsin statutes as a service insurance corporation. Delta WI writes dental insurance in the state of Wisconsin on credit terms calling for payment of premium upon the effective date of the policy or billing term. Insurance revenues consist of "risk" business, in which Delta WI is at risk for claims in excess of premium collected, and administrative-services-only (ASO) plans, in which the respective groups are at risk for the claims incurred by the group and pay a fee to Delta WI for administrative expenses.

Delta WI has a wholly-owned subsidiary, Wyssta, Inc., which serves as a holding company. Wyssta, Inc. has three wholly-owned subsidiaries: Wyssta Insurance Company, Inc., Wyssta Services, Inc., and Wyssta Investments, Inc. Wyssta Insurance Company, Inc. writes group and individual vision insurance in the state of Wisconsin. Wyssta Services, Inc. is licensed as a Third-Party Administrator in various states and provides dental and vision administration and inside sales services to ten customers. The customers consist of other Delta Dental companies. The Company also provides information technology (IT) programming and support to Encara Corporation. Wyssta Investments, Inc. holds minority interests in a development stage biotechnology company, a dental analytics company, and a company that performs marketing services for various Delta Dental companies with respect to their individual dental insurance products.

Delta Dental of Wisconsin Foundation, Inc. (the Foundation), is a non-stock, non-profit corporation. Delta WI is the sole member and has control of, and an economic interest in, the Foundation; therefore, the Foundation is included in these consolidated financial statements. The Foundation was created to initiate, collaborate with, and support programs that extend access to dental care, ensure a strong dental workforce, and improve the oral health of underserved and vulnerable populations in the state of Wisconsin.

A summary of significant accounting policies follows.

Basis of Accounting. The accompanying financial statements are prepared using the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation. The consolidated financial statements include the activities of Delta WI and its wholly-owned subsidiary, Wyssta, Inc. and its subsidiaries, and the Foundation (together referred to as "the Company"). All significant intercompany transactions and balances have been eliminated.

Accounting Changes. In 2023, the Company adopted *Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326)* (ASU 2016-13) (CECL). The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods previously in GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost,

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. The Company adopted CECL on a modified retrospective basis for all financial assets measured at cost or amortized cost and off-balance sheet credit exposures. The Company adopted CECL using the prospective transition approach for debt securities for which other-than-temporary impairments had been recognized prior to January 1, 2023. As of December 31, 2023, the Company did not have any other-than-temporarily impaired investment securities. Therefore, upon adoption of CECL, the Company determined that an allowance for credit losses on available-for-sale securities was not deemed material. The adoption had no impact on the Company's financial statements.

The Company has elected the practical expedient to exclude accrued interest from the amortized cost basis of available-for-sale security disclosures.

Accounting Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near-term relate to:

- Liabilities for claims unpaid and unpaid claims adjustment expense.
- The assumptions regarding the other-than-temporary impairment analysis of the investment portfolio.
- The assumptions, including the discount rate, used to determine the benefit obligation for the supplemental retirement plan.
- Deferred tax assets that are more likely than not to be realized.
- Allowances of lifetime expected credit losses for financial assets within the scope of CECL.
- The assumptions used to determine the expense accrual and loss contingency related to the anti-trust lawsuit disclosed in Note 13.

Cash and Cash Equivalents. For purposes of reporting cash flows, the Company considers cash in checking accounts and cash invested in money market accounts as cash and cash equivalents. The Company has on deposit in a financial institution balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe it is exposed to any significant credit risk on the uninsured amounts.

Contracts Receivable and Uncollected Premiums. Contracts receivable and uncollected premiums are stated at the invoice amount.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses. The Company estimates expected future credit losses on financial assets in the scope of CECL and records an allowance with an offsetting charge to net income. The expected credit losses are estimated by management using historical credit loss information that is adjusted for current economic conditions with reasonable and supportable forecasts. The Company measures expected credit losses using the probability-of-default and aging schedule methods, contingent on the nature of the asset. The allowance for credit losses on the financial assets was $0 as of December 31, 2024 and 2023.

Property and Equipment. Property and equipment is carried at cost, less accumulated depreciation. Depreciation is provided on the straight-line method based on the estimated useful lives of the assets which range from three years to 39 years.

Investments. The Company has investments in debt securities, common stocks, and a certificate of deposit. Management determines the appropriate classification of the debt securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Since the Company neither buys investment securities in anticipation of short-term fluctuations in market prices, nor can commit to holding debt securities to their maturities, the investments in debt securities have been classified as available-for-sale. Certificates of deposit are carried at cost, which approximates fair value. Certificates that have a maturity date of one year or less are classified as current assets.

Available-for-sale securities and common stocks are stated at fair value. Non-credit related unrealized holding gains or losses on available-for-sale securities, net of the related deferred tax effect, are reported in the other comprehensive income component of equity. Unrealized holding gains or losses on common stocks are reported in net income. Realized gains and losses on the sale of available-for-sale securities and common stocks are recognized on the specific identification basis and are included in net income.

The Company also holds minority interests in a dental analytics company (Healthentic, Inc.), a company that performs marketing services for various Delta Dental companies with respect to their individual dental insurance products, including Delta WI (Encara Corporation), an analytical software company that determines an individual’s oral health risks (PreViser Corporation), and two venture capital LLPs that invest in dental and healthcare companies (SpringRock Ventures). These investments are all in privately held companies and are accounted for under the equity method of accounting. Any changes in equity are reported as gains or losses in net income.

The Company holds a 33.3 percent ownership interest in NorthWinds Technology Solutions, LLC (NorthWinds), in 2024 and 2023, which is accounted for under the equity method of accounting with changes in equity reported as gains or losses in net income.

For available-for-sale securities, management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security, or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in the statements of income as realized losses.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments, and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Estimating the future cash flows of loan-backed securities also involves assumptions regarding the underlying collateral such as prepayment rates, default and recovery rates, existence of subordinated classes capable of absorbing losses, and third-party servicing abilities. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is deemed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. There was no allowance for credit loss related to available-for-sale securities at December 31, 2024 and 2023.

Accrued interest receivable on available-for-sale securities totaled approximately $1,243,000 and $1,042,000 at December 31, 2024 and 2023, respectively, and was excluded from the estimate of credit losses.

For investments that are not classified as available-for-sale, declines determined to be other than temporary are included in the statements of income as realized losses. The Company determines a decline to be other than temporary by reviewing and evaluating relevant objective and subjective factors for each security, including the length of time the security has been in a loss position, the severity of that loss, the Company's intent and ability to hold the security, a security's current performance, the rating, the financial condition of the issuer, the industry in which the issuer operates, and the status of the market as a whole. Declines deemed other than temporary were $0 for both years ended December 31, 2024 and 2023.

Fair Value Measurements. Financial instruments are categorized in a fair value hierarchy based on the reliability of inputs to the valuation techniques, as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Claims Unpaid and Unpaid Claims Adjustment Expenses. The liabilities for claims unpaid and unpaid claims adjustment expenses represent management's estimates of the ultimate net cost of all claims which have been incurred but are unpaid at year end.

All estimates of claims unpaid and unpaid claims adjustment expenses are continually reviewed, and any adjustments determined to be necessary are reflected in current operations. Since these liabilities are based on estimates, the ultimate settlement of claims and related expenses may vary from the amounts included in the financial statements. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the liabilities for claims unpaid and unpaid claims adjustment expenses are adequate.

Risk Premiums. Premiums are recognized upon the effective date of the coverage. A deferred revenue liability is established for premiums received for coverage in the next fiscal year.

Administrative-Services-Only Plans. The Company's administrative fees are derived from ASO arrangements that allow clients to self-fund claims and assume the risk of dental costs. In return for fees from these clients, the Company provides claims administration. Fees are billed, due, and recognized monthly at contracted rates based on the number of subscribers and utilization. This recognition pattern aligns with the benefits from the claims administration services provided to clients.

Administrative Income. The Company receives dental and vision administrative income based on the number of subscribers/policies administered, as well as based on the number of inside sales representatives contracted to serve the customer. IT programming is based on a flat monthly fee and contracted statement of work projects. The Company receives administrative income for providing actuarial services to other Delta Dental plans. Fees are billed, due, and recognized monthly at contracted rates. This recognition pattern aligns with satisfaction of performance obligation as defined in the service contracts.

Vision Claims Incurred and Vision Administration Fees. The Company rents a vision network from, and outsources claims administration to, EyeMed Vision Care, LLC (EyeMed). The Company issues insured policies, as well as provides services for ASO plans. The agreement with EyeMed is based on a per member, per month fee.

Reinsurance. Reinsurance premiums and claim recoveries are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Note 1 ~ Nature of Business and Summary of Significant Accounting Policies (Continued)

Contributions. The Foundation recognizes gifts of cash and other assets as revenue when received or unconditionally pledged. Contributions are recognized as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the consolidated statements of income. The Foundation received contributions without donor restrictions of $4,500,000 from Delta WI in both 2024 and 2023, which has been eliminated from these consolidated financial statements.

Net Assets with Donor Restrictions. Delta WI contributed $10,000,000 to a donor-restricted endowment fund held by the Foundation. As such, the endowment contribution is classified as a net asset with donor restrictions.

Foundation Functional Expenses. Program expenses of $4,746,447 and $2,853,330 during 2024 and 2023, respectively, relate to grants to programs that extend access to dental care. General and administrative expenses of $500,325 in 2024 include $312,704 for employee expenses and $187,621 for office and overhead expenses. General and administrative expenses of $472,109 in 2023 include $397,914 for employee expenses and $74,195 for office and overhead expenses.

Income Taxes. Delta WI is organized as a nonprofit dental care plan for federal income tax purposes under Section 501(c)(4) of the Internal Revenue Code, and is, therefore, exempt from federal income taxes. The subsidiary is subject to federal income taxes. For Wisconsin income tax purposes, Delta WI is taxed as an insurance company and files a combined return with its subsidiary. Income taxes are allocated to each company of the consolidated group based on separate taxable income in accordance with a tax sharing agreement. Companies in the consolidated group are compensated for the use of net operating losses or tax credits in the year in which the loss or credit is actually used in the consolidated return to reduce income taxes. Intercompany tax balances are settled after the payments are made to the respective tax authorities.

The Foundation is a tax-exempt organization under the provisions of Internal Revenue Code Section 501(c)(3). The Foundation is also exempt from state income taxes.

The Company records deferred income taxes on temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities based on enacted federal and state tax rates expected to apply to the taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Advertising Expenses. Advertising is expensed as incurred. Advertising expenses incurred were approximately $2,251,000 and $2,098,000 for the years ended December 31, 2024 and 2023, respectively.

Reclassifications. Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 classifications.

Subsequent Events. Subsequent events were evaluated through March 19, 2025, which is the date the financial statements were available to be issued.

Note 2 ~ Investments in Available-for-Sale Securities and Common Stocks

The amortized cost and fair value of investments in available-for-sale securities at December 31, 2024 and 2023, were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
U.S. Treasury and U.S. government	$ 38,496,426	$ 37,133	$ (3,161,195)	$ 35,372,364
Special revenue – issuer obligations	13,748,655	42,089	(384,789)	13,405,955
Corporate securities	79,291,418	385,276	(3,651,175)	76,025,519
Loan-backed securities	63,481,790	58,607	(3,577,029)	59,963,368
Total available-for-sale securities	$ 195,018,289	$ 523,105	$ (10,774,188)	$ 184,767,206
2023				
U.S. Treasury and U.S. government	$ 46,004,199	$ 63,549	$ (3,555,959)	$ 42,511,789
Special revenue – issuer obligations	15,472,918	35,444	(637,593)	14,870,769
Corporate securities	72,163,236	830,090	(3,646,653)	69,346,673
Loan-backed securities	48,956,282	158,076	(3,176,524)	45,937,834
Total available-for-sale securities	$ 182,596,635	$ 1,087,159	$ (11,016,729)	$ 172,667,065

The cost and fair value of investments in stocks at December 31, 2024 and 2023, were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
Common stocks	$ 61,861,105	$ 31,359,285	$ (1,109,553)	$ 92,110,837
2023				
Common stocks	$ 60,659,180	$ 32,835,158	$ (752,358)	$ 92,741,980

Note 2 ~ Investments in Available-for-Sale Securities and Common Stocks (Continued)

Securities in an Unrealized Loss Position. The following tables show unrealized losses in the Company's portfolio sorted by security type and by length of time that the securities were in an unrealized loss position as of December 31, 2024 and 2023:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2024						
U.S. Treasury and U.S. government	$ 2,382,355	$ (27,715)	$ 28,388,377	$ (3,133,480)	$ 30,770,732	$ (3,161,195)
Special revenue – issuer obligations	4,693,177	(4,178)	8,670,689	(380,611)	13,363,866	(384,789)
Corporate securities	14,820,057	(285,356)	31,842,000	(3,365,819)	46,662,057	(3,651,175)
Loan-backed securities	21,702,978	(192,536)	33,174,569	(3,384,493)	54,877,547	(3,577,029)
Common stocks	8,824,368	(981,608)	664,527	(127,945)	9,488,895	(1,109,553)
	$ 52,422,935	$ (1,491,393)	$ 102,740,162	$ (10,392,348)	$ 155,163,097	$ (11,883,741)
2023						
U.S. Treasury and U.S. government	$ 417,246	$ (4,261)	$ 36,883,176	$ (3,551,698)	$ 37,300,422	$ (3,555,959)
Special revenue – issuer obligations	1,496,205	(3,795)	9,615,364	(633,798)	11,111,569	(637,593)
Corporate securities	363,113	(3,621)	35,389,871	(3,643,032)	35,752,984	(3,646,653)
Loan-backed securities	1,248,636	(12,926)	37,284,679	(3,163,598)	38,533,315	(3,176,524)
Common stocks	6,510,263	(564,716)	1,066,679	(187,642)	7,576,942	(752,358)
	$ 10,035,463	$ (589,319)	$ 120,239,769	$ (11,179,768)	$ 130,275,232	$ (11,769,087)

The amortized cost and fair value of bonds at December 31, 2024, by effective maturity, are shown below. Effective maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	Amortized Cost	Fair Value
Due in one year or less	$ 20,939,888	$ 20,303,197
Due after one year through five years	95,732,399	91,916,722
Due after five years through ten years	56,759,052	53,339,700
Due after ten years	21,586,950	19,207,587
	$ 195,018,289	$ 184,767,206

Note 2 ~ Investments in Available-for-Sale Securities and Common Stocks (Continued)

Gains and Losses on Available-for-Sale Securities Sold, Matured, or Repaid. The components of the net realized gain (loss) on the sale of available-for-sale securities were as follows:

	2024	2023
Gains	$ 31,096	$ 364
Losses	(142,390)	(41,388)
Net realized loss on sale of available-for-sale securities	$ (111,294)	$ (41,024)

Summary of Significant Valuation Techniques for Financial Instruments. The following valuation techniques and inputs were used to estimate the fair value of each class of significant financial instruments:

Level 1 Measurements

Available-for-sale securities: Comprised of actively traded U.S. Treasury notes and U.S. government securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that are accessible to the Company at the measurement date.

Common stocks: Comprised of actively traded common stocks. Valuation is based on unadjusted quoted prices for identical assets in active markets that are accessible to the Company at the measurement date.

Cash equivalents: Comprised of actively traded money market funds that have daily quoted net asset values.

Level 2 Measurements

Available-for-sale securities: Comprised of special revenue – issuer obligations, corporate debt, and residential and commercial mortgage-backed securities. Valuation is based on inputs including quoted prices for identical or similar assets in inactive markets. The Company uses a leading, nationally recognized provider of financial market data and analytics to price the Company's available-for-sale security holdings. However, because many fixed income securities do not trade on a daily basis, the provider's evaluated pricing applications apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing to prepare evaluations.

Note 2 ~ Investments in Available-for-Sale Securities and Common Stocks (Continued)

The following is the aggregate fair value for investments as of December 31, 2024 and 2023:

Type of Financial Instrument	Aggregate Fair Value	Level 1	Level 2	Level 3
2024				
Available-for-sale securities	$ 184,767,206	$ 31,750,471	$ 153,016,735	$ -
Common stocks	92,110,837	92,110,837	-	-
Cash equivalents	5,804,504	5,804,504	-	-
2023				
Available-for-sale securities	$ 172,667,065	$ 39,064,145	$ 133,602,920	$ -
Common stocks	92,741,980	92,741,980	-	-
Cash equivalents	3,892,867	3,892,867	-	-

Changes in the net unrealized holding gain (loss) on available-for-sale securities during the years ended December 31, 2024 and 2023, reported as a separate component of equity, are as follows:

	2024	2023
Balance, beginning	$ (8,734,726)	$ (12,935,817)
Change in:		
Net unrealized holding gain (loss)	(378,725)	4,642,852
Deferred tax effect related to net unrealized holding gain (loss)	35,708	(441,761)
Balance, ending	$ (9,077,743)	$ (8,734,726)

Investment Commitments. The Company has commitments of $498,000 to SpringRock Ventures II and $2,505,000 to SpringRock Ventures III.

Note 3 ~ Investment in NorthWinds Technology Solutions, LLC

In 2021, the Company and Delta Dental of Illinois (DDIL) each had a 50 percent share of NorthWinds, an IT service organization, which provides comprehensive IT solutions for both organizations.

Effective January 1, 2022, the joint venture with NorthWinds was amended to add Corvesta (parent company of Delta Dental of Virginia) as an owner, resulting in each company holding a one-third share. The Company contributed $9,250,000 on December 31, 2021, per the new agreement. In the revised January 1, 2022, ownership agreement there are no future capital commitments due. However, if an owner exits before January 1, 2027, the exiting member is subject to a $7,500,000 exit fee. After January 1, 2027, the exit fee is $3,750,000.

Under the equity method of accounting, the Company's share of NorthWind's equity was $5,998,503 and $8,359,465 at December 31, 2024 and 2023, respectively, with losses recognized of $2,360,962 and $2,046,559 in 2024 and 2023, respectively. NorthWinds has assets of approximately $54,020,000, liabilities of approximately $24,960,000, and owners' equity of approximately $29,053,000 as of December 31, 2024.

In 2024, fees totaling $34,727,755 were structured based on newly introduced fixed cost categories, statements of work (SOW), and pass-through items. These fixed costs were further categorized into operating costs, implementation fees, and multi-year conversion fees. In 2023, fees totaling $30,027,423 were billed using a combination of per member per month charges, SOW, and pass-through items.

The three owners continue to collaborate on refining cost allocation methods to ensure a fair distribution of expenses.

Note 4 ~ Repurchase Agreement

The Company has entered into a reverse repurchase agreement with WoodTrust Bank, located in Wisconsin Rapids, Wisconsin, to earn additional yield on cash balances. The Company requires that at least 100 percent of the fair value of securities purchased under the reverse repurchase agreement be maintained as collateral.

The reverse repurchase agreement transactions are traded on a bi-lateral basis. The maturity time frame for which transactions occur are on an overnight basis. All transactions have been accounted for as secured borrowings. There were no sales or acquisitions during 2024 and 2023 that resulted in default.

All securities acquired during 2024 and 2023 as part of this agreement were U.S. government securities (which may include agencies and money market mutual funds). The cash pledged as collateral for securities purchased is fully transacted on an overnight and open basis. The Company records the transactions on a net basis and does not record a receivable or liability for the return of collateral. The fair value of securities acquired and the cash collateral provided was $53,142,713 and $21,714,097 as of December 31, 2024 and 2023, respectively.

Note 5 ~ Property and Equipment

The major classes of property and equipment and related accumulated depreciation and amortization as of December 31, 2024 and 2023, are as follows:

	2024	2023
Land	$ 1,335,424	$ 1,335,424
Building and building improvements	37,782,259	37,658,190
Leasehold improvements	233,512	233,512
Software	33,846	166,111
Furniture and equipment	10,741,396	10,668,370
Vehicles	747,840	831,671
	50,874,277	50,893,278
Accumulated depreciation and amortization	(8,563,923)	(5,890,509)
Property and equipment, net	$ 42,310,354	$ 45,002,769

Depreciation expense was $2,734,032 and $2,742,874 for the years ended December 31, 2024 and 2023, respectively.

The Company completed construction of a new home office in 2022. The home office was financed with a $20,000,000 loan with a 3.61 percent interest rate and 10-year amortization schedule. The loan can be paid at any point with no additional fees. Collateral for the loan is the home office building, assignment of leases, and rents. The outstanding loan balance was $15,816,554 and $17,952,315 at December 31, 2024 and 2023, respectively. The total interest paid on the loan was $619,451 and $678,019 for the years ended December 31, 2024 and 2023, respectively.

Note 6 ~ Liabilities for Claims Unpaid

Activity in the liabilities for claims unpaid (including claims paid for ASO plans) for the years ended December 31, 2024 and 2023, is summarized as follows:

	2024	2023
Balance, beginning of year	$ 14,070,000	$ 13,337,000
Less reinsurance recoverable	124,000	199,000
Net balance at January 1	13,946,000	13,138,000
Incurred related to:		
Current year	889,919,280	834,864,001
Prior years	(305,448)	(171,286)
Total incurred	889,613,832	834,692,715
Paid related to:		
Current year	873,750,781	820,918,001
Prior years	13,640,551	12,966,714
Total paid	887,391,332	833,884,715
Net balance at December 31	16,168,500	13,946,000
Plus reinsurance recoverables	120,050	124,000
Balance, end of year	$ 16,289,000	$ 14,070,000

The previous schedule does not include claims adjustment expenses since these amounts represent an allocation of general expenses; and therefore, are not monitored on an incurred year basis.

As a result of changes in estimates of insured events in prior years, net claims incurred were decreased by $305,448 and $171,286 in 2024 and 2023, respectively.

The following is information about incurred and paid claims development as of December 31, 2024, as well as the total of incurred but not reported (IBNR) liabilities:

Cumulative Incurred Claims ($000's)						As of 12/31/2024
Year	2020	2021	2022	2023	2024	IBNR
2020	$ 180,252	$ 204,203	$ 204,203	$ 204,203	$ 204,203	
2021		243,677	242,917	242,917	242,917	
2022			268,307	268,136	268,136	
2023				288,508	261,992	
2024					307,253	8,893
				Total	$ 1,284,501	

Note 6 ~ Liabilities for Claims Unpaid (Continued)

Cumulative Paid Claims ($000's)

Year	2020	2021	2022	2023	2024
2020	$ 192,207	$ 204,203	$ 204,203	$ 204,203	$ 204,203
2021		230,627	242,917	242,917	242,917
2022			255,169	268,136	268,136
2023				274,762	261,992
2024					291,084
				Total	1,268,332
				Claims unpaid, net of reinsurance recoverable	$ 16,169

Cumulative claims frequency for dental and vision claims is not pertinent to the liability valuation process; and therefore, was not disclosed.

Note 7 ~ Income Taxes

Income tax expense was as follows:

	2024	2023
Federal	$ 1,641,064	$ 1,396,271
State	1,740,508	1,665,695
Change in deferred taxes	(280,194)	599,401
	$ 3,101,378	$ 3,661,367

Effective tax rates differ from the federal rate of 21 percent and state rate of 7.9 percent applied to income due to the following:

	2024	2023
Federal statutory rate times income	$ 2,410,950	$ 3,744,607
Effect of:		
State taxes, net of federal benefit	361,850	494,619
Change in valuation allowance	413,183	(557,149)
Expiration of charitable contribution carryforward	205,528	362,730
Disallowed travel and entertainment	26,521	45,420
Prior year adjustments	(155,465)	(21,293)
Other	(161,189)	(407,567)
Total	$ 3,101,378	$ 3,661,367

Note 7 ~ Income Taxes (Continued)

The items that gave rise to the deferred tax assets (liabilities) for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Deferred tax assets:		
Unpaid claims and unpaid claim adjustment expenses	$ 21,842	$ 18,642
Premiums received in advance	203,580	185,489
Net operating loss carryforward	3,028	3,459
Capital loss carryforward	8,316	-
Charitable contribution carryforward	1,667,402	1,580,960
Loss on common stocks	2,268,980	2,145,016
Loss on investment in privately held companies	1,698,825	1,719,800
Unrealized loss on available-for-sale securities	866,095	830,387
Software section 174	177,173	-
Compensation accruals	875,335	766,609
Other	711,025	501,562
Total deferred tax assets	8,501,601	7,751,924
Valuation allowance	(7,872,723)	(7,459,540)
Deferred tax liabilities:		
Cloud computing arrangement	(15,484)	-
Other	(206,193)	(201,081)
Total deferred tax liabilities	(221,677)	(201,081)
Net deferred tax assets	$ 407,201	$ 91,303

Federal income taxes which would be available for recoupment in the event of future tax losses are approximately $1,641,000 and $1,286,000 for 2024 and 2023, respectively.

The subsidiary's federal income tax returns for 2021 – 2024, and state tax returns for 2020 – 2024, are subject to examination by tax authorities generally three years after they were filed for federal, and four years for state. As of December 31, 2024, the Company had not identified any material loss contingencies arising from uncertain tax positions.

Note 8 ~ Retirement Plans

Qualified Retirement Plan. The Company sponsors a defined contribution plan, the Delta Dental of Wisconsin, Inc. Retirement Plan. The plan requires annual contributions to be made to eligible participants' accounts equal to 6.5 percent of total compensation. Employees may elect to contribute from 1 percent to 75 percent of their pre-tax salary up to Internal Revenue Service limits. In 2024 and 2023, the Company matched 100 percent of the employees' contributions up to $4,250 per employee. The Company's contribution expenses were $3,151,772 for 2024 and $2,887,890 for 2023.

Supplemental Executive Retirement Plan (SERP). The Company has entered into SERP arrangements with members of senior management. Participants in the plan will receive a lump sum benefit representing the present value of an annuity due. The present value benefit will be based on a percentage of base compensation at the date of their retirement or an agreed-upon date in the future and for a stated number of years. The plan is unfunded.

The following tables provide reconciliations of the changes in the benefit obligation, funded status, costs, and assumptions of the plan at December 31:

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 6,733,396	$ 5,221,424
Interest cost	313,103	259,505
Service cost	1,912,216	1,597,364
Actuarial (gain) loss	(171,557)	79,934
Benefits paid	(877,272)	(424,831)
Benefit obligation at end of year	$ 7,909,886	$ 6,733,396
Funded status (amount recognized on balance sheets)	$ (7,909,886)	$ (6,733,396)
Components of net periodic benefit cost:		
Service cost	$ 1,912,216	$ 1,597,364
Interest cost	313,103	259,505
Total net periodic benefit cost	$ 2,225,319	$ 1,856,869
Assumptions used to determine benefit obligation and net periodic benefit cost:		
Discount rate	5.29%	4.65%
Rate of compensation increase	3.50	3.50

Note 8 ~ Retirement Plans (Continued)

Projected benefit payments are as follows:

2025	$ 2,009,021
2026	1,306,429
2027	1,455,776
2028	2,006,685
2029	394,875
After	737,100

Note 9 ~ Reinsurance Assumed

The Company has an agreement with other Delta Dental companies called the Federal Marketing Group to pool resources for the purpose of promoting and supporting a coordinated effort to secure contracts for dental programs with federal agencies; implement and govern the administration of resources; and define the opportunity for the allocation and sharing of risk among the participants; in the event a federal contract is entered into by any of the participants with the use and support of the Federal Marketing Group's resources or funding. The Company participated in three federal contracts as of December 31, 2024 and 2023. The Company's portion of profits and losses is recorded as assumed premiums and claims.

The amounts included in the consolidated financial statements as a result of reinsurance assumed were as follows, as of and for the years ended, December 31:

	2024	2023
Risk premiums earned	$ 17,723,213	$ 16,539,908
Risk claims incurred	16,110,362	14,516,695
Funds held by the reinsured company (other liabilities)	536,869	754,858

Note 10 ~ Transactions with EyeMed

The Company rents a vision network from, and outsources claim administration to, EyeMed. The Company and EyeMed also entered into a reinsurance agreement for the state of Wisconsin vision plan. Transactions related to these agreements are as follows:

	2024	2023
Vision network and claims administration	$ 1,951,240	$ 1,759,634
Reinsurance agreement transactions:		
Reinsurance ceded	7,369,721	6,718,456
Claims ceded	6,290,246	5,730,987

Note 11 ~ Statutory Net Income and Surplus

GAAP differs in certain respects from the accounting practices prescribed or permitted by insurance regulatory authorities (statutory basis).

Statutory net income and surplus for Delta WI in 2024 and 2023, were as follows:

	2024	2023
Statutory net income	$ 9,525,027	$ 8,593,008
Surplus	277,915,477	261,941,761

Statutory net income and surplus for Wyssta Insurance Company, Inc. in 2024 and 2023, were as follows:

	2024	2023
Statutory net income	$ 3,371,284	$ 3,981,508
Surplus	22,868,303	20,850,667

Delta WI and Wyssta Insurance Company, Inc. are required to maintain minimum surplus established by the Office of the Commissioner of Insurance of the State of Wisconsin (the OCI). Delta WI and Wyssta Insurance Company, Inc. are also subject to risk-based capital (RBC) requirements promulgated by the National Association of Insurance Commissioners and adopted by the OCI. The RBC standards establish uniform minimum surplus requirements for insurance companies. The RBC formula applies various weighting factors to financial balances or various levels of activities based on the perceived degree of risk. At December 31, 2024 and 2023, Delta WI and Wyssta Insurance Company, Inc. surplus exceeded the minimum levels required by the OCI and RBC standards.

Note 12 ~ Contingencies

The Company, along with the Delta Dental Plans Association (DDPA), DeltaUSA, and the other independent DDPA member companies, is defending a multidistrict litigation consolidated before a single federal district court for pretrial proceedings. The plaintiffs, representing purported classes of dental providers, allege that various association member company licensing standards violate federal antitrust laws. The Company believes the claims are meritless and continues to vigorously defend the case. At this point in the proceedings, the Company cannot reasonably estimate the range or amount of any potential loss.

Note 13 ~ Endowment Fund

In 2021, Delta WI funded $10,000,000 to a donor-restricted endowment fund with the objective to ensure the Foundation will be able to continue its core programs and operations should the annual donation from Delta WI be insufficient to meet the strategic goals of the Foundation. The fair value associated with the donor-restricted endowment fund may fall below the level that Delta WI requires the Foundation to retain as a fund of perpetual duration. The endowment fund is reported in net assets with donor restrictions. The fair value of the endowment fund was $10,933,453 and $10,281,535 as of December 31, 2024 and 2023, respectively.

Note 13 ~ Endowment Fund (Continued)

The primary objective is to provide growth of principal and income of the endowment fund and it must be invested with the care, skill, and diligence that a prudent person acting in this capacity would use to comply with Wisconsin state statutes as it applies to insurance companies. Investments should not conflict with the Delta WI mission of improving oral health and wellness. The investment returns will be measured against those of a target portfolio consisting of 32.5 percent equities, 62.5 percent fixed income securities, and 5 percent cash equivalents.

The Foundation's Board can approve up to 5 percent of the total endowment fund for use. The annual endowment spent may exceed 5 percent only with Delta WI's Board approval. The intent of the endowment is to only use the income from the fund. The Foundation's Board will review the endowment fund balance and investment income quarterly and determine if any funds are available and/or required for operating the Foundation or to meet the Foundation's strategic plan established by the Foundation's Board. As of December 31, 2024 and 2023, there were no endowment funds released.

The Foundation had the following endowment fund activities:

	2024	2023
Endowment net assets, beginning of year	$ 10,281,535	$ 9,318,812
Investment income	344,923	167,735
Investment fees	(21,933)	(20,368)
Net unrealized holding gain	388,928	815,356
Endowment net assets, end of year	$ 10,993,453	$ 10,281,535

Note 14 ~ Change Healthcare

On February 21, 2024, the Company's print vendor, Change Healthcare (CHC), experienced an outage due to a security breach that interrupted printing services for an extended period. The Company developed remediation solutions using alternative vendors to continue operations, incurring additional direct expenses of approximately $2,115,000. The Company is seeking reimbursement from CHC for these additional costs.

Note 15 ~ Subsequent Event – Class Action Lawsuit

On January 29, 2025, the Company was notified that a purported class action lawsuit had been filed against the Company on January 23, 2025, in the United States District Court. The complaint alleges that certain tracking technologies allegedly deployed on a website used by the Company violated the Illinois Eavesdropping Statute and the Electronic Communications Privacy Act. The Company believes the claims are meritless and intends to vigorously defend the case. At this point in the proceedings, the Company cannot reasonably estimate the range of amount of any potential loss.

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Delta Dental of Wisconsin, Inc. and Affiliates
Stevens Point, Wisconsin

We have audited the consolidated financial statements of Delta Dental of Wisconsin, Inc. and Affiliates as of and for the year ended December 31, 2024, and our report thereon dated March 19, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information on pages 29 and 30 is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Strohm Ballweg, LLP

Madison, Wisconsin
March 19, 2025

	Delta Dental of Wisconsin, Inc.	Wyssta, Inc. and Subsidiaries	Delta Dental of Wisconsin Foundation, Inc.	Eliminations	Consolidated 2024	Consolidated 2023
ASSETS						
Current assets:						
Cash and cash equivalents	$ 43,396,561	$ 13,320,930	$ 6,140,958	$ -	$ 62,858,449	$ 48,340,867
Investment – other	-	4,000,000	-	-	4,000,000	4,000,000
Uncollected premiums	10,636,763	137,215	-	-	10,773,978	8,099,016
Contracts receivable	-	6,092,275	-	-	6,092,275	6,193,996
Receivable from parent and affiliate	-	1,833,598	-	(1,833,598)	-	-
Other assets	6,782,327	510,369	-	-	7,292,696	7,569,844
Total current assets	60,815,651	25,894,387	6,140,958	(1,833,598)	91,017,398	74,203,723
Property and equipment, net	42,310,354	-	-	-	42,310,354	45,002,769
Cloud computing arrangement	245,016	836,528	-	-	1,081,544	250,000
Available-for-sale securities	162,582,806	14,768,990	7,415,410	-	184,767,206	172,667,065
Common stocks	86,073,522	2,582,713	3,454,602	-	92,110,837	92,741,980
Investment in subsidiary	36,127,215	-	-	(36,127,215)	-	-
Investment in NorthWinds	5,998,503	-	-	-	5,998,503	8,359,465
Investments in privately held companies	3,143,750	694,474	-	-	3,838,224	3,153,354
Deferred tax asset (liability)	(278,332)	685,533	-	-	407,201	91,303
Other assets	189,594	-	-	-	189,594	285,564
Total assets	$ 397,208,079	$ 45,462,625	$ 17,010,970	$ (37,960,813)	$ 421,720,861	$ 396,755,223
LIABILITIES AND EQUITY						
Current liabilities:						
Claims unpaid	$ 15,549,000	$ 740,000	$ -	$ -	$ 16,289,000	$ 14,070,000
Unpaid claims adjustment expenses	1,050,000	91,000	-	-	1,141,000	906,000
Deferred revenue and group refunds	11,546,403	856,077	-	-	12,402,480	11,250,525
Accounts payable and accrued expenses	3,944,531	5,679,514	1,361,758	-	10,985,803	10,174,745
Accrued compensation expense	4,322,806	1,623,304	-	-	5,946,110	5,286,430
Amounts retained for account of others	41,573,405	-	-	-	41,573,405	34,457,490
Payable to subsidiary and affiliate	1,813,972	-	19,627	(1,833,599)	-	-
Payable to NorthWinds	176,358	342,610	-	-	518,968	142,033
Supplemental executive retirement plan liability	2,009,021	-	-	-	2,009,021	877,272
Notes payable	1,843,642	-	-	-	1,843,642	1,775,761
Other liabilities	2,309,886	2,905	-	-	2,312,791	1,734,239
Total current liabilities	86,139,024	9,335,410	1,381,385	(1,833,599)	95,022,220	80,674,495
Notes payable	13,972,912	-	-	-	13,972,912	15,816,554
Supplemental executive retirement plan liability	5,900,865	-	-	-	5,900,865	5,856,124
Other liabilities	189,886	-	-	-	189,886	184,827
Total liabilities	106,202,687	9,335,410	1,381,385	(1,833,599)	115,085,883	102,532,000
Equity:						
Retained earnings	300,083,154	36,430,163	4,499,067	(36,430,181)	304,582,203	292,535,185
Net assets with donor restrictions	-	-	11,130,518	-	11,130,518	10,422,764
Accumulated other comprehensive loss	(9,077,762)	(302,948)	-	302,967	(9,077,743)	(8,734,726)
Total equity	291,005,392	36,127,215	15,629,585	(36,127,214)	306,634,978	294,223,223
Total liabilities and equity	$ 397,208,079	$ 45,462,625	$ 17,010,970	$ (37,960,813)	$ 421,720,861	$ 396,755,223

	Delta Dental of Wisconsin, Inc.	Wyssta, Inc. and Subsidiaries	Delta Dental of Wisconsin Foundation, Inc.	Eliminations	Consolidated 2024	Consolidated 2023
REVENUES						
Premium revenues:						
Risk premiums earned	$ 357,869,596	$ 42,376,391	$ -	$ -	$ 400,245,987	$ 377,397,011
ASO administrative fees	32,820,214	65,942	-	-	32,886,159	31,291,564
ASO claims reimbursed	582,613,598	53,189	-	-	582,666,784	546,355,746
Total premium revenues	973,303,408	42,495,522	-	-	1,015,798,930	955,044,321
ASO claims incurred	(582,613,595)	(53,189)	-	-	(582,666,784)	(546,355,746)
Reinsurance ceded	(3,739,370)	(7,369,721)	-	-	(11,109,091)	(10,683,455)
Total net premium revenues	386,950,443	35,072,612	-	-	422,023,055	398,005,120
Other revenues:						
Dental administrative income	4,515,544	36,977,029	-	(3,652,982)	37,839,591	32,932,636
Investment and other income	6,867,478	735,474	-	-	7,602,952	6,243,911
Net realized loss on sale of investments in available-for-sale securities	(81,478)	(29,816)	-	-	(111,294)	(41,024)
Net realized gain (loss) on sale of investments in commons stocks	6,260,745	(728)	-	-	6,260,017	2,490,820
Net unrealized holding gain (loss) on common stocks	696,207	(576,259)	-	-	119,948	12,426,759
Loss on investment in NorthWinds	(2,360,962)	-	-	-	(2,360,962)	(2,046,559)
Gain (loss) on investments in privately held companies	(157,181)	122,576	-	-	(34,605)	275,750
Net realized gain on sale of property and equipment	140	-	-	-	140	6,320
Contributions released from restrictions	-	-	4,526,611	(4,500,000)	26,611	47,920
Income from subsidiary	4,375,750	-	-	(4,375,750)	-	-
Total other revenues	20,116,243	37,228,276	4,526,611	(12,528,732)	49,342,398	52,336,533
Total revenues	407,066,686	72,300,888	4,526,611	(12,528,732)	471,365,453	450,341,653
EXPENSES						
Risk claims incurred	286,895,026	28,983,353	-	-	315,878,379	296,947,402
Reinsurance recoveries	(2,641,085)	(6,290,246)	-	-	(8,931,331)	(8,610,433)
Increase (decrease) in aggregate reserves	41,000	-	-	-	41,000	(239,000)
Claims adjustment expenses incurred	32,256,625	2,031,429	-	-	34,288,054	30,128,426
Operating expenses	77,893,799	42,460,031	5,246,772	(8,152,982)	117,447,620	104,153,644
Reinsurance ceded commissions	(1,427,190)	(1,079,475)	-	-	(2,506,665)	(2,342,308)
Total expenses	393,018,175	66,105,095	5,246,772	(8,152,982)	456,217,057	420,037,731
Income (loss) before income tax expense	14,048,511	6,195,796	(720,161)	(4,375,750)	15,148,396	30,303,922
Federal income tax expense	1,281,332	1,820,046	-	-	3,101,378	3,661,367
Net income (loss)	$ 12,767,179	$ 4,375,750	$ (720,161)	$ (4,375,750)	$ 12,047,018	$ 26,642,555