WYSSTA, INC. AND SUBSIDIARIES
(A WHOLLY-OWNED SUBSIDIARY OF DELTA DENTAL OF WISCONSIN, INC.)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

STROHM BALLWEG

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INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Directors and Stockholder
Wyssta, Inc. and Subsidiaries
Stevens Point, Wisconsin

Opinions

We have audited the accompanying consolidated financial statements of Wyssta, Inc. and Subsidiaries (the Company), which are comprised of the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, stockholder's 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, 2023 and 2022, 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 Opinions

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 opinions.

Transactions with Affiliated Companies

As explained in Note 4 to the consolidated financial statements, the Company is part of an affiliated group of companies and has entered into transactions with the group members. Our opinion is not modified with respect to that matter.

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.

STROHM BALLWEG

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 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 consolidated 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 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 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 15, 2024

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,002,821	$ 15,781,886
Investment – other	4,000,000	-
Investment income due and accrued	148,679	54,293
Uncollected premiums	113,962	82,809
Contracts receivable	6,193,996	4,821,433
Receivable from Delta Dental of Wisconsin, Inc.	1,728,521	1,225,923
Prepaid expenses	57,649	219,873
Federal income tax recoverable	323,156	389,426
Total current assets	23,568,784	22,575,643
Deferred tax assets	224,545	204,608
Prepaid expenses	250,000	-
Available-for-sale securities	14,136,459	8,972,474
Common stocks	3,108,477	1,797,567
Investment in Healthentic, Inc.	453,186	346,104
Investment in Encara Corporation	118,712	173,503
Total assets	$ 41,860,163	$ 34,069,899
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Claims unpaid	$ 613,000	$ 561,000
Unpaid claims adjustment expenses	64,000	56,000
Accounts payable	5,882,076	4,591,657
Payable to NorthWinds Technology Consulting, LLC	212,875	306,658
Contract payable	1,071,055	638,259
Deferred revenue	743,918	748,055
Total liabilities	8,586,924	6,901,629
Stockholder's equity:		
Common stock, no par value; 100,000 shares authorized; 19,270 shares issued and outstanding	-	-
Additional paid-in capital	29,200,000	29,200,000
Retained earnings (deficit)	4,354,413	(1,468,509)
Accumulated other comprehensive loss	(281,174)	(563,221)
Total stockholder's equity	33,273,239	27,168,270
Total liabilities and stockholder's equity	$ 41,860,163	$ 34,069,899

See Notes to the Consolidated Financial Statements.

	2023	2022
REVENUES		
Dental and vision administrative income	$ 32,118,168	$ 27,866,210
Insurance revenues:		
Risk premiums earned	38,306,903	32,383,490
Administrative-services-only (ASO) fees	63,111	62,794
ASO claims reimbursed	52,617	50,446
Gross insurance revenues	38,422,631	32,496,730
ASO claims incurred	(52,617)	(50,446)
Reinsurance ceded	(6,718,456)	(6,076,779)
Net insurance revenues	31,651,558	26,369,505
Investment revenues:		
Interest and dividend income	437,625	237,559
Net realized loss on sale of available-for-sale securities	(41,388)	(14,437)
Net unrealized holding gain (loss) on common stocks	919,774	(2,152,801)
Net realized gain on sale of common stocks	30,115	28,439
Gain on investment in Healthentic, Inc.	107,082	52,804
Loss on investment in Encara Corporation	(54,791)	(147,091)
Total investment revenues	1,398,417	(1,995,527)
Total revenues	65,168,143	52,240,188
EXPENSES		
Risk claims incurred	26,268,480	22,125,154
Reinsurance recoveries	(5,730,987)	(5,179,859)
Claim adjusting and vision administration fee	1,820,251	1,552,680
Payroll and benefits	17,379,697	14,283,848
Professional and contract services	11,644,754	11,570,000
Computer hardware and software	2,042,783	2,361,586
Commissions	1,999,020	1,643,826
Reinsurance ceded commissions	(987,469)	(896,920)
Administrative	1,045,456	718,789
Advertising	595,139	476,426
Interest expense	150,912	103,009
Other	1,264,131	1,368,804
Total expenses	57,492,167	50,127,343
Net income before income tax expense	7,675,976	2,112,845
Income tax expense	1,853,054	1,193,412
Net income	$ 5,822,922	$ 919,433

See Notes to the Consolidated Financial Statements.

	2023	2022
Net income	$ 5,822,922	$ 919,433
Other comprehensive gain (loss), net of tax:		
Unrealized holding gain (loss) arising during the period	251,934	(687,025)
Reclassification adjustment for losses included in net income	30,113	10,504
Other comprehensive gain (loss)	282,047	(676,521)
Comprehensive income	$ 6,104,969	$ 242,912

	Common Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance, January 1, 2022	$ -	$ 29,200,000	$ (887,942)	$ 113,300	$ 28,425,358
Comprehensive income:					
Net income	-	-	919,433	-	919,433
Other comprehensive loss, net of tax of ($253,290)	-	-	-	(676,521)	(676,521)
Dividend to stockholder	-	-	(1,500,000)	-	(1,500,000)
Balance, December 31, 2022	-	29,200,000	(1,468,509)	(563,221)	27,168,270
Comprehensive income:					
Net income	-	-	5,822,922	-	5,822,922
Other comprehensive gain, net of tax of ($105,599)	-	-	-	282,047	282,047
Balance, December 31, 2023	$ -	$ 29,200,000	$ 4,354,413	$ (281,174)	$ 33,273,239

See Notes to the Consolidated Financial Statements.

	2023	2022
Cash flows from operating activities:		
Net income	$ 5,822,922	$ 919,433
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Amortization of premiums on debt securities	708	33,791
Deferred taxes	(125,536)	(34,017)
Net (gain) loss on the sale of available-for-sale securities	41,388	14,437
Net unrealized holding (gain) loss on common stocks	(919,774)	2,152,801
Net (gain) loss on sale of common stocks	(30,115)	(28,439)
Gain on investment in Healthentic, Inc.	(107,082)	(52,804)
Loss on investment in Encara Corporation	54,791	147,091
Change in assets and liabilities:		
Investment income due and accrued	(94,386)	(4,955)
Uncollected premiums	(31,153)	41,638
Contracts receivable	(1,372,563)	(1,851,176)
Receivable from (payable to) Delta Dental of Wisconsin, Inc.	(502,598)	(31,658)
Prepaid expenses	(87,776)	(174,740)
Federal income tax recoverable	66,270	(55,524)
Claims unpaid	52,000	11,000
Unpaid claims adjustment expenses	8,000	4,000
Accounts payable	1,290,419	770,357
Contract payable	432,800	370,391
Payable to NorthWinds Technology Consulting, LLC	(93,783)	(303,671)
Deferred revenue	(4,137)	16,672
Net cash provided by operating activities	4,400,395	1,944,627
Cash flows from investing activities:		
Proceeds from sale of available-for-sale securities	1,699,625	1,295,608
Proceeds from the sale of common stocks	536,555	512,920
Purchase of investment – other	(4,000,000)	-
Purchase of available-for-sale securities	(6,518,064)	(1,524,877)
Purchase of common stocks	(897,576)	(542,124)
Net cash used for investing activities	(9,179,460)	(258,473)
Cash flows from financing activities:		
Dividends to stockholder	-	(1,500,000)
Net cash used for financing activities	-	(1,500,000)
Net increase (decrease) in cash and cash equivalents	(4,779,065)	186,154
Cash and cash equivalents, beginning of year	15,781,886	15,595,732
Cash and cash equivalents, end of year	$ 11,002,821	$ 15,781,886
Supplemental disclosures of cash flow information:		
Cash payments for income taxes	$ 1,784,000	$ 1,597,866
Cash paid during the year for interest	150,912	103,009
Supplemental schedule of noncash investing and financing activities:		
Change in unrealized holding gains (losses) on available-for-sale securities, net of taxes	282,047	(676,521)

See Notes to the Consolidated Financial Statements.

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

Nature of Business. Wyssta, Inc. was formed in 2005 to operate as a holding company. Wyssta, Inc. is a wholly-owned subsidiary of Delta Dental of Wisconsin, Inc. (Delta WI) and purchases administrative services from them.

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, including Delta WI. Wyssta Services, Inc. also provides information technology (IT) programming and support to Encara Corporation (Encara). 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, including Delta WI, with respect to their individual dental insurance products.

A summary of Wyssta, Inc.'s 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 accounts of Wyssta, Inc. and its wholly-owned subsidiaries: Wyssta Insurance Company, Inc., Wyssta Services, Inc., and Wyssta Investments, Inc. (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, 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, 2022, 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.

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

In 2022, the Company adopted *Accounting Standards Update No. 2016-02, Leases (Topic 842)* (ASU 2016-02) on a modified retrospective basis, which is a comprehensive new lease standard that supersedes most existing lease guidance under GAAP. The standard requires lessees to recognize an asset and liability associated with the right to use a given asset and obligations to make payments pursuant to the terms of the lease. ASU 2016-02 prescribes additional disclosures and financial statement presentations. The adoption had no impact on the Company's financial statements.

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:

- The liabilities for claims unpaid and unpaid claims adjustment expenses.
- The assumptions regarding the other-than-temporary impairment analysis of the investment portfolio.
- 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.
- Allocation of shared expenses with related parties.

Cash and Cash Equivalents. For purposes of reporting cash flows, the Company considers cash in checking accounts and money market funds to be cash and cash equivalents. The Company occasionally 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.

Investments. The Company has investments in bonds, common stocks, and a certificate of deposit. Management determines the appropriate classification of the bonds 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 bonds to their maturities, the investments in bonds 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 1 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 stockholder's 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.

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

The Company also holds minority interests in a dental analytics company (Healthentic, Inc.) and a company that performs marketing services for various Delta Dental companies with respect to their individual dental insurance products, including Delta WI (Encara). Healthentic, Inc. and Encara are 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.

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.

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. At December 31, 2023, there was no allowance for credit loss related to available-for-sale securities.

Accrued interest receivable on available-for-sale securities totaled approximately $112,000 at December 31, 2023, 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, 2023 and 2022.

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

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 that the Company has the ability to access.

- 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.

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.

Contracts Receivable. Contracts receivable are stated at the invoice amount.

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, 2023.

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.

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

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. 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 administrative-services-only (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 a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Income Taxes. The Company files a consolidated federal income tax return. For Wisconsin income tax purposes, the Company is included in a consolidated return with Delta WI. 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 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.

Significant Contracts. The Company provides dental and vision administration services to ten customers. The majority of the customers are contracted through December 31, 2024, and have penalty provisions for early termination. Revenue from five and six of the ten customers totaled 76 percent and 90 percent of total revenue for the years ended December 31, 2023 and 2022, respectively. Each of these five customers individually account for greater than 10 percent of total revenue as of December 31, 2023.

Advertising Expenses. The Company expenses advertising costs as incurred.

Subsequent Events. Subsequent events were evaluated through March 15, 2024, which is the date the financial statements were available to be issued.

Reclassifications. Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 classifications.

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

The carrying value and fair value of investments in available-for-sale securities at December 31, 2023 and 2022, were as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2023				
Available-for-sale securities:				
U.S. Treasury	$ 5,271,048	$ 31,016	$ (189,075)	$ 5,112,989
Special revenue	647,697	188	(24,590)	623,295
Industrial and miscellaneous	6,073,333	90,025	(183,925)	5,979,433
Loan-backed	2,530,826	20,053	(130,137)	2,420,742
Total available-for-sale securities	$ 14,522,904	$ 141,282	$ (527,727)	$ 14,136,459
2022				
Available-for-sale securities:				
U.S. Treasury	$ 3,181,502	$ -	$ (264,535)	$ 2,916,967
Special revenue	847,147	-	(56,756)	790,391
Industrial and miscellaneous	4,054,018	723	(290,273)	3,764,468
Loan-backed	1,663,898	-	(163,250)	1,500,648
Total available-for-sale securities	$ 9,746,565	$ 723	$ (774,814)	$ 8,972,474

The cost and fair value of investments in stocks at December 31, 2023 and 2022, were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2023				
Common stocks	$ 1,403,183	$ 1,746,876	$ (41,582)	$ 3,108,477
2022				
Common stocks	$ 1,012,047	$ 791,929	$ (6,409)	$ 1,797,567

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, 2023 and 2022:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2023						
U.S. Treasury	$ -	$ -	$ 2,932,072	$ (189,075)	$ 2,932,072	$ (189,075)
Special revenue	-	-	373,287	(24,590)	373,287	(24,590)
Industrial and miscellaneous	242,075	(1,345)	2,693,911	(182,580)	2,935,986	(183,925)
Loan-backed	96,539	(932)	1,357,137	(129,205)	1,453,676	(130,137)
Common stocks	206,806	(36,674)	67,794	(4,908)	274,600	(41,582)
	$ 545,420	$ (38,951)	$ 7,424,201	$ (530,358)	$ 7,969,621	$ (569,309)
2022						
U.S. Treasury	$ 2,650,000	$ (238,843)	$ 266,967	$ (25,692)	$ 2,916,967	$ (264,535)
Special revenue	249,708	(54)	540,683	(56,703)	790,391	(56,757)
Industrial and miscellaneous	2,974,041	(177,155)	583,966	(113,117)	3,558,007	(290,272)
Loan-backed	640,793	(37,940)	859,855	(125,310)	1,500,648	(163,250)
Common stocks	121,512	(6,409)	-	-	121,512	(6,409)
	$ 6,636,054	$ (460,401)	$ 2,251,471	$ (320,822)	$ 8,887,525	$ (781,223)

The carrying value and fair value of available-for-sale securities at December 31, 2023, by effective maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	Carrying Value	Fair Value
Due in one year or less	$ 2,006,640	$ 1,979,150
Due after one year through five years	8,057,515	7,837,979
Due after five years through ten years	4,116,823	3,986,291
Due after ten years	341,926	333,039
	$ 14,522,904	$ 14,136,459

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 gains (losses) on the sale of investments were as follows:

	2023	2022
Gains	$ -	$ -
Losses	(41,388)	(14,437)
Net realized capital losses	$ (41,388)	$ (14,437)

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. 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 mutual funds that have daily quoted net asset values.

Level 2 Measurements

Available-for-sale securities: Comprised of government obligations, corporate debt, and 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 bond 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 all financial instruments as of December 31, 2023 and 2022:

Type of Financial Instrument	Aggregate Fair Value	Level 1	Level 2	Level 3
2023				
Available-for-sale securities	$ 14,136,459	$ 5,112,989	$ 9,023,470	$ -
Common stocks	3,108,477	3,108,477	-	-
Cash equivalents	437,644	437,644	-	-
2022				
Available-for-sale securities	$ 8,972,474	$ 2,916,967	$ 6,055,507	$ -
Common stocks	1,797,567	1,797,567	-	-
Cash equivalents	276,991	276,991	-	-

Changes in the unrealized gain (loss) on available-for-sale securities during the years ended December 31, 2023 and 2022, reported as a separate component of stockholder's equity, are as follows:

	2023	2022
Balance, beginning	$ (563,221)	$ 113,300
Increase (decrease) in:		
Net unrealized holding gains (losses)	387,646	(929,811)
Deferred tax effect related to net unrealized holding gains (losses)	(105,599)	253,290
Balance, ending	$ (281,174)	$ (563,221)

Note 3 ~ Investments in Privately Held Companies

Investment in Healthentic, Inc. As of December 31, 2023 and 2022, the Company is a 20 percent owner on an outstanding share basis and holds one of the five board seats.

Investment in Encara. As of December 31, 2023 and 2022, the Company is a 25 percent owner on an outstanding share basis and holds one of four board seats.

Note 4 ~ Related Parties

The Company has a Services Agreement with Delta WI whereby Delta WI provides the Company administrative, managerial, and professional services, as well as a well-equipped space. Expenses are based on specific identification or apportioned based on pertinent factors or ratios as determined by internal studies. The Services Agreement was approved by the Office of the Commissioner of Insurance of the State of Wisconsin (the OCI). Expenses are generally settled on a monthly basis. Management believes that its transactions with Delta WI are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company. Expenses based on specific identification were $5,279,218 in 2023 and $7,706,609 in 2022. Expenses apportioned were $17,859,796 in 2023 and $14,273,366 in 2022.

Delta WI collects premiums on behalf of the Company and remits them to the Company on a monthly basis. Total premiums remitted from Delta WI were $38,342,461 in 2023 and $32,522,866 in 2022.

Delta WI also pays commissions on behalf of the Company and the Company reimburses Delta WI on a monthly basis. Total commissions paid by Delta WI were $1,979,995 in 2023 and $1,636,346 in 2022.

Related-party amounts receivable from (payable to) Delta WI, which include state taxes, consist of the following for the years ended December 31:

	2023	2022
Wyssta, Inc.	$ 1,066	$ (3,011)
Wyssta Insurance Company, Inc.	2,887,700	2,597,166
Wyssta Investments, Inc.	(1,596)	(5,856)
Wyssta Services, Inc.	(1,158,649)	(1,362,376)
	$ 1,728,521	$ 1,225,923

Delta WI holds a one-third share of a limited liability company, NorthWinds Technology Solutions, LLC (NorthWinds), which provides IT services to Delta WI and its subsidiaries. NorthWinds provides IT services to the Company. Shown below are service expenses and balances with NorthWinds as of, or for, the years ended December 31:

	2023	2022
IT services billed by NorthWinds:		
Wyssta Insurance Company, Inc.	$ 1,021,006	$ 829,171
Wyssta Services, Inc.	7,012,030	7,576,098
	$ 8,033,036	$ 8,405,269
Receivable from (payable to) NorthWinds:		
Wyssta Insurance Company, Inc.	$ -	$ (70,728)
Wyssta Services, Inc.	(212,875)	(235,930)
	$ (212,875)	$ (306,658)

Note 4 ~ Related Parties (Continued)

Wyssta Investments, Inc. owns 25 percent of Encara, a company that performs marketing services for various Delta Dental companies with respect to their individual dental insurance products, including Delta WI. Encara is a customer of Wyssta Services, Inc. Shown below are transactions and balances with Encara as of, or for, the years ended December 31:

	2023	2022
Dental administrative income	$ 249,183	$ 257,224
Contract receivable	37,500	21,437

The Board of Directors approved, and the Company paid, a non-cumulative, ordinary dividend of $0 and $1,500,000 to Delta WI in 2023 and 2022, respectively.

Note 5 ~ Liability for Claims Unpaid

Activity in the liability for claims unpaid for the years ended December 31, 2023 and 2022, is summarized as follows:

	2023	2022
Balance, beginning of year	$ 561,000	$ 550,000
Incurred related to:		
Current year	20,577,867	17,071,778
Prior years	(40,374)	(126,483)
Total incurred	20,537,493	16,945,295
Paid related to:		
Current year	19,964,867	16,510,778
Prior years	520,626	423,517
Total paid	20,485,493	16,934,295
Balance, end of year	$ 613,000	$ 561,000

The above 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 $40,374 and $126,483 in 2023 and 2022, respectively.

Note 5 ~ Liability for Claims Unpaid (Continued)

The following is information about incurred and paid claims development as of December 31, 2023, as well as the total of incurred but not reported (IBNR) liabilities:

Cumulative Incurred Claims ($000's)						As of 12/31/2023
Year	2019	2020	2021	2022	2023	IBNR
2019	$ 12,025	$ 12,011	$ 12,011	$ 12,011	$ 12,011	
2020		12,105	12,132	12,132	12,132	
2021			14,908	14,782	14,782	
2022				17,072	17,032	
2023					20,578	
				Total	$ 76,535	338

Cumulative Paid Claims ($000's)					
Year	2019	2020	2021	2022	2023
2019	$ 11,640	$ 12,011	$ 12,011	$ 12,011	$ 12,011
2020		11,742	12,132	12,132	12,132
2021			14,358	14,782	14,782
2022				16,511	17,032
2023					19,965
				Total	75,922
				Claims unpaid	$ 613

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

Note 6 ~ Income Taxes

The Company files a consolidated federal income tax return. The Company files a consolidated state income tax return with its parent, Delta WI.

Income tax expense differs from the amounts obtained by applying a combined federal and state income tax rate of 27.2 percent to the pretax income for the years ended December 31, 2023 and 2022, due to the following:

	2023	2022
Expected tax provision	$ 2,087,866	$ 574,694
Increase (decrease) in income taxes resulting from:		
Change in deferred tax valuation allowance	(275,040)	578,571
Other - net	40,228	40,147
Income tax expense	$ 1,853,054	$ 1,193,412

The items that gave rise to the deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Deferred tax assets:		
Claims unpaid and unpaid claim adjustment expenses	$ 2,636	$ 2,214
Premiums received in advance	40,530	40,755
Net operating loss carryforward	3,459	3,891
Accrued incentive compensation	115,411	-
Loss on common stocks	2,531,973	2,782,529
Loss on investment in Healthentic, Inc.	1,075,152	1,104,322
Loss on investment in Encara	539,723	524,797
Unrealized loss on available-for-sale securities	105,271	210,870
Total deferred tax assets	4,414,155	4,669,378
Valuation allowance	(4,188,899)	(4,463,939)
Deferred tax liabilities:		
Other - net	(711)	(831)
Total deferred tax liabilities	(711)	(831)
Net deferred tax assets	$ 224,545	$ 204,608

Federal income taxes which would be available for recoupment in the event of future tax losses are approximately $1,286,000 and $948,000 for 2023 and 2022, respectively.

Note 6 ~ Income Taxes (Continued)

The Company's federal income tax returns for 2020 – 2023, and state tax returns for 2019 – 2023, are subject to examination by tax authorities generally 3 years after they were filed for federal, and 4 years for state. As of December 31, 2023, the Company had not identified any material loss contingencies arising from uncertain tax positions.

For state income purposes, the Company records a receivable from (payable to) Delta WI for the Company's portion of state income taxes. At December 31, the balances were as follows:

	2023	2022
Wyssta, Inc.	$ 1,243	$ 1,374
Wyssta Insurance Company, Inc.	(136,322)	3,979
Wyssta Investments, Inc.	2,818	3,109
Wyssta Services, Inc.	47,185	73,748
	$ (85,076)	$ 82,210

The Company is considered a nonapplicable reporting entity under the Corporate Alternative Minimum Tax (CAMT) regulations, and therefore has not included any provision for CAMT.

Note 7 ~ Disaggregation of Revenues

In the following table, revenue is disaggregated by service line for the years ended December 31:

	2023	2022
Administration revenues	$ 28,622,551	$ 24,194,123
Inside sales revenues	3,125,396	2,865,014
IT programming revenues	370,221	807,073
	$ 32,118,168	$ 27,866,210

Note 8 ~ Transactions with EyeMed

The Company rents a vision network from, and outsources claim administration to, EyeMed. In 2021, 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:

	2023	2022
Vision network and claims administration	$ 1,759,634	$ 1,498,234
Reinsurance agreement transactions:		
Premium ceded	6,718,456	6,076,779
Claims ceded	5,730,987	5,179,859

Note 9 ~ Hosting Arrangement

The Company entered a hosting arrangement with Penrod Inc. in December 2023 to build and implement the Service Cloud. The hosting arrangement is a service contract that does not include a license to the hosted software. Service Cloud will provide an user-friendly interface for the call center agents to improve efficiency and increase customer satisfaction. The Company had long-term prepaid expenses of $250,000 at December 31, 2023. The total remaining cost is approximately $255,000, which is expected to be paid in 2024. The long-term prepaid expenses are not amortized until the hosting arrangement is implemented. The Company expects the implementation to occur in late 2024.

Note 10 ~ Statutory Net Income and Capital and Surplus

GAAP differs in certain respects from the accounting practices prescribed or permitted by insurance regulatory authorities (statutory basis). Statutory net income for Wyssta Insurance Company, Inc., a wholly-owned subsidiary of Wyssta, Inc., was $3,981,508 and $3,470,082 in 2023 and 2022, respectively, and statutory surplus was $20,850,667 and $16,908,686 as of December 31, 2023 and 2022, respectively.

Wyssta Insurance Company, Inc. is required to maintain minimum capital and surplus established by the OCI. Wyssta Insurance Company, Inc. is also subject to risk-based capital (RBC) requirements promulgated by the NAIC and adopted by the OCI. The RBC standards establish uniform minimum capital and 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, 2023 and 2022, Wyssta Insurance Company, Inc.'s capital and surplus exceeded the minimum levels required by the OCI and RBC standards.

STROHM BALLWEG

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholder
Wyssta, Inc. and Subsidiaries
Stevens Point, Wisconsin

We have audited the consolidated financial statements of Wyssta, Inc. and Subsidiaries as of, and for, the year ended December 31, 2023, and our report thereon dated March 15, 2024, 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 24 through 27 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 15, 2024

	Wyssta, Inc.	Wyssta Insurance Company, Inc.	Wyssta Investments, Inc.	Wyssta Services, Inc.	Eliminations	Consolidated 2023	Consolidated 2022
ASSETS							
Cash and cash equivalents	$ 781,919	$ 5,998,469	$ 875,035	$ 3,347,398	$ -	$ 11,002,821	$ 15,781,886
Certificate of deposit	-	-	-	4,000,000	-	4,000,000	-
Investment income due and accrued	-	111,879	-	36,800	-	148,679	54,293
Uncollected premiums	-	113,962	-	-	-	113,962	82,809
Contracts receivable	-	-	-	6,193,996	-	6,193,996	4,821,433
Receivable from Delta Dental of WI, Inc.	1,066	2,887,700	(1,596)	(1,158,649)	-	1,728,521	1,225,923
Prepaid expenses	-	46,004	-	11,645	-	57,649	219,873
Federal income tax recoverable	323,156	-	-	-	-	323,156	389,426
Intercompany balances	(41,941)	(172,476)	5,527	208,890	-	-	-
Total current assets	1,064,200	8,985,538	878,966	12,640,080	-	23,568,784	22,575,643
Deferred tax assets	196	110,325	3,263	110,761	-	224,545	204,608
Prepaid expenses	-	-	-	250,000	-	250,000	-
Available-for-sale securities	-	14,136,459	-	-	-	14,136,459	8,972,474
Common stocks	-	1,557,551	1,550,926	-	-	3,108,477	1,797,567
Investment in Healthentic, Inc.	-	-	453,186	-	-	453,186	346,104
Investment in Encara Corporation	-	-	118,712	-	-	118,712	173,503
Investment in Wyssta Insurance Company, Inc.	20,607,027	-	-	-	(20,607,027)	-	-
Investment in Wyssta Investments, Inc.	2,996,968	-	-	-	(2,996,968)	-	-
Investment in Wyssta Services, Inc.	8,612,867	-	-	-	(8,612,867)	-	-
Total assets	$ 33,281,258	$ 24,789,873	$ 3,005,053	$ 13,000,841	$ (32,216,862)	$ 41,860,163	$ 34,069,899

	Wyssta, Inc.	Wyssta Insurance Company, Inc.	Wyssta Investments, Inc.	Wyssta Services, Inc.	Eliminations	Consolidated 2023	Consolidated 2022
LIABILITIES							
Claims unpaid	$ -	$ 613,000	$ -	$ -	$ -	$ 613,000	$ 561,000
Unpaid claims adjustment expenses	-	64,000	-	-	-	64,000	56,000
Accounts payable	8,019	2,761,928	8,085	3,104,044	-	5,882,076	4,591,657
Payable to NorthWinds Technology Consulting, LLC	-	-	-	212,875	-	212,875	306,658
Contract payable	-	-	-	1,071,055	-	1,071,055	638,259
Deferred revenue	-	743,918	-	-	-	743,918	748,055
Total liabilities	8,019	4,182,846	8,085	4,387,974	-	8,586,924	6,901,629
STOCKHOLDER'S EQUITY							
Common stock	-	1,250,000	19,000,000	6,500	(20,256,500)	-	-
Additional paid-in capital	29,200,000	4,750,000	-	3,793,500	(8,543,500)	29,200,000	29,200,000
Retained earnings (deficit)	4,354,413	14,888,201	(16,003,032)	4,812,867	(3,698,036)	4,354,413	(1,468,509)
Accumulated other comprehensive income (loss)	(281,174)	(281,174)	-	-	281,174	(281,174)	(563,221)
Total stockholder's equity	33,273,239	20,607,027	2,996,968	8,612,867	(32,216,862)	33,273,239	27,168,270
Total liabilities and stockholder's equity	$ 33,281,258	$ 24,789,873	$ 3,005,053	$ 13,000,841	$ (32,216,862)	$ 41,860,163	$ 34,069,899

	Wyssta, Inc.	Wyssta Insurance Company, Inc.	Wyssta Investments, Inc.	Wyssta Services, Inc.	Eliminations	Consolidated 2023	Consolidated 2022
REVENUES							
Dental administrative income	$ -	$ -	$ -	$ 32,118,168	$ -	$ 32,118,168	$ 27,866,210
Insurance revenues:							
Risk premiums earned	-	38,306,903	-	-	-	38,306,903	32,383,490
Administrative-services-only (ASO) fees	-	63,111	-	-	-	63,111	62,794
ASO claims reimbursed	-	52,617	-	-	-	52,617	50,446
Gross insurance revenues	-	38,422,631	-	-	-	38,422,631	32,496,730
ASO claims incurred	-	(52,617)	-	-	-	(52,617)	(50,446)
Reinsurance ceded	-	(6,718,456)	-	-	-	(6,718,456)	(6,076,779)
Net reinsurance revenues	-	31,651,558	-	-	-	31,651,558	26,369,505
Investment revenues:							
Interest and dividend income	-	400,825	-	36,800	-	437,625	237,559
Net realized loss on sale of available-for-sale securities	-	(41,388)	-	-	-	(41,388)	(14,437)
Net unrealized holding gain (loss) on common stocks	-	(37,588)	957,362	-	-	919,774	(2,152,801)
Net realized gain on sale of common stocks	-	30,115	-	-	-	30,115	28,439
Gain on wholly-owned subsidiaries	5,834,088	-	-	-	(5,834,088)	-	-
Gain on investment in Healthentic, Inc.	-	-	107,082	-	-	107,082	52,804
Loss on investment in Encara Corporation	-	-	(54,791)	-	-	(54,791)	(147,091)
Total investment revenues	5,834,088	351,964	1,009,653	36,800	(5,834,088)	1,398,417	(1,995,527)
Total revenues	$ 5,834,088	$ 32,003,522	$ 1,009,653	$ 32,154,968	$ (5,834,088)	$ 65,168,143	$ 52,240,188

	Wyssta, Inc.	Wyssta Insurance Company, Inc.	Wyssta Investments, Inc.	Wyssta Services, Inc.	Eliminations	Consolidated 2023	Consolidated 2022
EXPENSES							
Risk claims incurred	$ -	$ 26,268,480	$ -	$ -	$ -	$ 26,268,480	$ 22,125,154
Reinsurance recoveries	-	(5,730,987)	-	-	-	(5,730,987)	(5,179,859)
Claim adjusting and vision administration fee	-	1,820,251	-	-	-	1,820,251	1,552,680
Payroll and benefits	3,422	876,099	15,201	16,484,975	-	17,379,697	14,283,848
Professional and contract services	11,222	1,098,792	11,559	10,523,181	-	11,644,754	11,570,000
Computer hardware and software	-	-	-	2,042,783	-	2,042,783	2,361,586
Commissions	-	1,999,020	-	-	-	1,999,020	1,643,826
Reinsurance ceded commissions	-	(987,469)	-	-	-	(987,469)	(896,920)
Administrative	-	-	-	1,045,456	-	1,045,456	718,789
Occupancy costs	393	90,519	1,659	76,376	-	168,947	809,696
Advertising	-	593,642	-	1,497	-	595,139	476,426
Interest expense	58	13,446	244	137,164	-	150,912	103,009
Other	250	473,990	477	620,467	-	1,095,184	559,108
Total expenses	15,345	26,515,783	29,140	30,931,899	-	57,492,167	50,127,343
Net income before income tax expense	5,818,743	5,487,739	980,513	1,223,069	(5,834,088)	7,675,976	2,112,845
Income tax expense (benefit)	(4,179)	1,528,610	(4,011)	332,634	-	1,853,054	1,193,412
Net income	$ 5,822,922	$ 3,959,129	$ 984,524	$ 890,435	$ (5,834,088)	$ 5,822,922	$ 919,433