



PragerMetis

**WNC Health Network, Inc.
Financial Statements
September 30, 2025 and 2024**

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Independent Auditor's Report

To the Board of Directors of
WNC Health Network, Inc.
Asheville, North Carolina

Prager Metis CPAs, PLLC

32 ORANGE STREET
ASHEVILLE, NC 28801

T 828.281.3161

F 828.281.3164

www.pragermetis.com

Opinion

We have audited the accompanying financial statements of WNC Health Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WNC Health Network, Inc. as of September 30, 2025 and 2024, and the changes in its net assets 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 WNC Health Network, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 WNC Health Network, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 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 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 WNC Health Network, Inc.'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 WNC Health Network, Inc.'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.

Prager Metis CPAs, PLLC

Prager Metis CPAs, PLLC
Asheville, North Carolina
January 15, 2026

WNC Health Network, Inc.
Statements of Financial Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and restricted cash	\$ 1,005,044	\$ 951,800
Accounts receivable	41,633	19,227
Sales tax receivable	329	184
Other receivable	15,000	-
Note receivable	200,000	200,000
Prepaid expenses	4,586	5,308
Security deposit	2,500	2,500
Total current assets	<u>1,269,092</u>	<u>1,179,019</u>
Other assets		
Investments	3,996,342	3,768,111
Operating lease right-of-use asset	<u>32,154</u>	<u>7,928</u>
Total assets	<u>\$ 5,297,588</u>	<u>\$ 4,955,058</u>
Liabilities and net assets		
Current liabilities		
Operating lease liability	\$ 32,154	\$ 7,928
Accounts payable and accrued expenses	<u>56,800</u>	<u>83,382</u>
Total current liabilities	<u>88,954</u>	<u>91,310</u>
Net assets		
Without donor restrictions	4,499,394	4,184,780
With donor restrictions	<u>709,240</u>	<u>678,968</u>
Total net assets	<u>5,208,634</u>	<u>4,863,748</u>
Total liabilities and net assets	<u>\$ 5,297,588</u>	<u>\$ 4,955,058</u>

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

WNC Health Network, Inc.
Statements of Activities
Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and support						
Consulting income	\$ 216,898	\$ -	\$ 216,898	\$ 267,406	\$ -	\$ 267,406
Grant revenue	237,396	507,925	745,321	237,396	1,057,108	1,294,504
Contributions	2,630	-	2,630	560	-	560
Other income	33,313	-	33,313	174,736	-	174,736
Dividends	99,719	-	99,719	102,893	-	102,893
Investment return, net	286,430	-	286,430	583,550	-	583,550
Interest income	30,881	-	30,881	62,142	-	62,142
Net assets released from restriction	477,653	(477,653)	-	501,622	(501,622)	-
Total revenue, gains and support	<u>1,384,920</u>	<u>30,272</u>	<u>1,415,192</u>	<u>1,930,305</u>	<u>555,486</u>	<u>2,485,791</u>
Expenses						
Program	961,519	-	961,519	1,788,555	-	1,788,555
General and administrative	108,787	-	108,787	117,343	-	117,343
Total expenses	<u>1,070,306</u>	<u>-</u>	<u>1,070,306</u>	<u>1,905,898</u>	<u>-</u>	<u>1,905,898</u>
Change in net assets	314,614	30,272	344,886	24,407	555,486	579,893
Net assets at beginning of year	<u>4,184,780</u>	<u>678,968</u>	<u>4,863,748</u>	<u>4,160,373</u>	<u>123,482</u>	<u>4,283,855</u>
Net assets at end of year	<u>\$ 4,499,394</u>	<u>\$ 709,240</u>	<u>\$ 5,208,634</u>	<u>\$ 4,184,780</u>	<u>\$ 678,968</u>	<u>\$ 4,863,748</u>

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

WNC Health Network, Inc.
Statements of Functional Expenses
Years Ended September 30, 2025 and 2024

	2025			2024		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Grant expenses	\$ 608,074	\$ -	\$ 608,074	\$ 1,030,919	\$ -	\$ 1,030,919
Management fees	206,575	68,858	275,433	244,178	81,393	325,571
New programs	61,500	-	61,500	419,077	-	419,077
Professional fees	36,332	12,111	48,443	38,285	12,762	51,047
Lease expense	24,407	8,136	32,543	23,870	7,957	31,827
Information technology	12,709	4,236	16,945	13,947	4,649	18,596
Insurance	7,292	2,431	9,723	6,230	2,077	8,307
Other	-	7,389	7,389	-	126	126
Telephone	-	2,957	2,957	-	3,122	3,122
Dues and subscriptions	1,565	521	2,086	1,526	509	2,035
Professional education and meetings	1,319	439	1,758	1,316	436	1,752
Supplies	971	323	1,294	1,806	602	2,408
Advertising	-	1,053	1,053	-	943	943
Travel	672	224	896	1,757	586	2,343
Contracted services	103	34	137	5,644	1,881	7,525
Bad debt expense	-	75	75	-	300	300
Total expenses	<u>\$ 961,519</u>	<u>\$ 108,787</u>	<u>\$ 1,070,306</u>	<u>\$ 1,788,555</u>	<u>\$ 117,343</u>	<u>\$ 1,905,898</u>

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

WNC Health Network, Inc.
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 344,886	\$ 579,893
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Bad debt expense	75	300
Net gain on investments	(488,116)	(798,617)
Amortization of operating lease right-of-use asset	(24,226)	30,852
Change in operating assets and liabilities		
Accounts receivable	(22,481)	25,502
Grant receivable	-	40,769
Sales tax receivable	(145)	943
Other receivable	(15,000)	-
Prepaid expenses	722	(3,436)
Operating lease liability	24,226	(30,852)
Accounts payable and accrued expenses	(26,582)	16,599
Net cash used in operating activities	<u>(206,641)</u>	<u>(138,047)</u>
Cash flows from investing activities		
Collection on note receivable	-	200,000
Net proceeds from sale of investments	259,885	275,362
Net cash provided by investing activities	<u>259,885</u>	<u>475,362</u>
Net change in cash and restricted cash	53,244	337,315
Cash and restricted cash, beginning of year	<u>951,800</u>	<u>614,485</u>
Cash and restricted cash, end of year	<u><u>\$ 1,005,044</u></u>	<u><u>\$ 951,800</u></u>
Supplemental disclosures of cash flow information		
Cash	\$ 295,804	\$ 272,832
Cash – restricted	709,240	678,968
	<u><u>\$ 1,005,044</u></u>	<u><u>\$ 951,800</u></u>
Non-cash investing and financing activities		
Lease liabilities arise from obtaining right-of-use assets	<u><u>\$ 55,393</u></u>	<u><u>\$ -</u></u>

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

Note 1 Organization

WNC Health Network, Inc. (the “Organization”), a not-for-profit corporation organized under and by virtue of the laws of the State of North Carolina. In February of 2021, the Organization was reincorporated as a non-membership not-for-profit corporation. The Organization supports people and organizations to improve health and well-being across western North Carolina.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization’s ongoing activities. Non-operating activities are limited to resources that generate return from investments, contributions and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires the Organization’s management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2 Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Organization discloses each class of financial instruments, the methods, and when a valuation technique is used and the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, then both the change and the reason for the change is disclosed.

The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statement of financial position. The estimated fair value amounts have been determined by management using available market information and appropriate valuation methodologies. Financial instruments consist primarily of cash, investments, receivables, security deposits, and accounts payable and accrued expenses.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers cash in operating bank accounts, cash on hand and certificates of deposit purchased with a maturity of three months or less to be cash and cash equivalents. There were no cash equivalents as of September 30, 2025 and 2024.

Concentration of Credit Risk

The Organization maintains cash balances at one financial institution. Accounts at those institutions are secured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At certain times, bank balances may exceed the FDIC limit. The Organization has not experienced any losses in such accounts.

Accounts Receivable

The Organization carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections, current credit conditions and reasonable and supportable forecasts. The Organization’s policy is not to accrue interest on accounts receivable. Accounts are written off as uncollectible at the time management determines that collection is unlikely.

Accounts receivable at September 30, 2025, 2024, and 2023 totaled \$41,633, \$19,227, and \$45,029, respectively. Bad debt expense for the years ended September 30, 2025 and 2024 was \$75 and \$300, respectively.

Investments

The Organization reports its investments in accordance with GAAP for not-for-profit organizations. The guidance prescribes that covered investments be reported in the statements of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Note 2 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or in the case of leasehold improvements over the lesser of the life of the lease and amortized renewal period or its useful life. The useful lives of property and equipment is five years. The Organization's policy is to capitalize renewals or betterments acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. At September 30, 2025 and 2024, the Organization's property and equipment totaled \$4,312 and was fully depreciated, resulting in a net balance of \$0. Depreciation expense for both years ended September 30, 2025 and 2024 was \$0.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 are reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

A portion of the Organization's revenue is derived from grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions.

Consulting revenue consists of revenue from clients for special projects and are recognized when earned.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at September 30, 2025 and 2024.

Income Taxes

The Organization is established as a not-for-profit entity and has been recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Accounting for Uncertainty in Income Taxes*, clarified the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return.

Note 2 Summary of Significant Accounting Policies (continued)

The Organization’s policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

As of September 30, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization records interest and penalties related to uncertain tax positions as a component of the other expenses on the statements of activities. The Organization’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of September 30, 2025, the years subject to examination include 2022 through 2024.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis and, accordingly, certain expenses have been allocated among the program and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Management fees	Time and effort
Professional fees	Full-time equivalent
Lease expense	Square footage
Information technology	Time and effort
Insurance	Time and effort
Dues and subscriptions	Time and effort
Professional education and meetings	Full-time equivalent
Supplies	Time and effort
Travel	Time and effort
Contracted services	Full-time equivalent

Advertising

The costs of advertising and marketing programs are expensed as incurred. Advertising costs were \$1,053 and \$943, respectively, for the years ended September 30, 2025 and 2024.

Note 3 Availability and Liquidity

Financial assets available for operations, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, include the following at September 30:

	<u>2025</u>	<u>2024</u>
Cash and restricted cash	\$ 1,005,044	\$ 951,800
Accounts receivable	41,633	19,227
Sales tax receivable	329	184
Other receivable	15,000	-
Note receivable	200,000	200,000
Investments	3,996,342	3,768,111
Less: net assets with donor restrictions	(709,240)	(678,968)
Financial assets available for operations	<u>\$ 4,549,108</u>	<u>\$ 4,260,354</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including mutual funds and money market accounts.

Note 4 Note Receivable

In May 2020, the Organization entered into an agreement to sell its 100% ownership interest (100 shares) in Capstone Health Alliance, Inc. for \$4,000,000 and called for a cash payment of \$800,000 at closing and the issuance of a promissory note in the amount of \$3,200,000. The note receivable was paid down through the exchange of 63,482 shares of Premier Class A stock in July 2020 and the note receivable was credited for \$2,200,000. For each of the years ended September 30, 2025 and 2024, the balance of the note receivable was \$200,000 including interest at 6% with a final payment due in June 2025. The final payment, including \$15,000 of accrued interest, was paid in October 2025.

Note 5 Investments

Investments at September 30, 2025 were as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Mutual funds		
Equities	\$ 1,702,766	\$ 2,479,824
Fixed income	1,502,998	1,516,518
Total	<u>\$ 3,205,764</u>	<u>\$ 3,996,342</u>

Note 5 Investments (continued)

Investments at September 30, 2024 were as follows:

	Cost	Fair Market Value
Mutual funds		
Equities	\$ 1,748,668	\$ 2,323,362
Fixed income	1,396,313	1,444,749
Total	<u>\$ 3,144,981</u>	<u>\$ 3,768,111</u>

For the years ended September 30, 2025 and 2024, the return on investments was a gain of \$286,430 and \$583,550, respectively, net of investment fees totaling \$201,686 and \$215,067, respectively.

Note 6 Fair Value Measurements

The FASB issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liabilities has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 6 Fair Value Measurements (continued)

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at September 30, 2025 and 2024.

Mutual Funds

These investments are public investment vehicles valued using actual quoted market prices provided by the administrator of the fund. The quoted price is in an active market and classified within Level 1 of the valuation hierarchy. Level 1 investments totaled \$3,996,342 and \$3,768,111, respectively, for the years ended September 30, 2025 and 2024.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management 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.

Note 7 Leasing Activities

The Organization leases office space under an operating lease agreement with monthly payments of \$2,732 through September 2026. The Organization used the risk-free rate (4.33%) at lease inception in determining the present value of lease payments. Total lease expense for the years ended September 30, 2025 and 2024 was \$32,543 and \$31,827, respectively.

Maturities of operating lease liabilities are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2026	\$ 32,782
Less: imputed interest	(628)
Present value of lease liabilities	<u>\$ 32,154</u>

Leases with terms of twelve months or less, if any, are recognized as operating expenses on the straight-line basis. During both of the years ended September 30, 2025 and 2024, lease expense associated with short-term arrangements totaled \$0.

Note 8 Management Fees

The Organization has an agreement with Capstone Health Alliance, Inc. to provide monthly bookkeeping and payroll services. Contract salaries and related expenses for the years ended September 30, 2025 and 2024 totaling \$674,188 and \$676,881, respectively, are included in management fees, of which \$398,755 and \$351,310, respectively, has been allocated and is included as component of grant expenses on the statements of functional expenses.

Note 9 Net Assets

Net assets without donor restrictions at September 30, 2025 and 2024 were \$4,499,394 and \$4,184,780, respectively, and are considered undesignated. Net assets with donor restrictions for program activities at September 30, 2025 and 2024 were \$709,240 and \$678,968, respectively.

Net assets released from net assets with donor restrictions during the years ended September 30, 2025 and 2024 totaled \$477,653 and \$501,622, respectively.

Note 10 Concentrations

Accounts receivable at September 30, 2025 includes \$20,188 or 83% from one customer. Accounts receivable at September 30, 2024 includes \$19,152 or 99% from two customers.

Accounts payable at September 30, 2025 includes \$47,336 or 48% from one vendor. Accounts payable at September 30, 2024 includes \$50,529 or 61% from one vendor.

Grant revenue at September 30, 2025 includes \$577,250 or 77% from three grantors. Grant revenue at September 30, 2024 includes \$1,294,504 or 85% from four grantors.

Note 11 Subsequent Events

The Organization evaluated the effect that all subsequent events would have on the financial statements through January 15, 2026, which is the date the financial statements were available to be issued.