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Cascade Health Alliance, LLC

Independent Auditor's Report, Statutory Financial Statements, and Supplementary Information

December 31, 2025 and 2024

Cascade Health Alliance, LLC
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Cascade Health Alliance, LLC
Klamath Falls, Oregon

Opinions

We have audited the statutory financial statements of Cascade Health Alliance, LLC (the Company), which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2025 and 2024, and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying statutory financial statements present fairly, in all material respects, the statutory financial position of the Company as of December 31, 2025 and 2024, and the statutory results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the statutory financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the statutory financial position of the Company as of December 31, 2025 and 2024, or the results of its statutory operations and its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the statutory financial statements, the statutory financial statements are prepared by the Company in accordance with the accounting practices prescribed or permitted by the Oregon Health Authority, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Oregon's statutes. The effects on the statutory financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with the accounting practices prescribed or permitted by Oregon Health Authority. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory 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 these statutory financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory financial statements.

In performing an audit in accordance with GAAS, we:

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

Forvis Mazars, LLP

Kansas City, Missouri
June 18, 2026

Cascade Health Alliance, LLC
Statutory Statements of Admitted Assets, Liabilities and Surplus
December 31, 2025 and 2024

	2025	2024
ADMITTED ASSETS		
Cash and Cash Equivalents	$ 48,097,990	$ 60,173,557
Bonds	-	262,979
Total Cash and Invested Assets	48,097,990	60,436,536
Accounts Receivable		
Investment income due and accrued	123,051	443,974
Premiums receivables	4,318,005	425,472
Stop-loss recoverables	51,766	442,316
Medical delivery assets	1,351	1,934
Federal tax receivable	699,510	697,824
Other receivables	1,265,640	267,840
Net deferred tax assets	108,025	144,956
	6,567,348	2,424,316
Total Admitted Assets	$ 54,665,338	$ 62,860,852
LIABILITIES AND SURPLUS		
Liabilities		
Unpaid claims	$ 23,227,863	$ 30,194,579
Risk pool claims	5,373,604	13,793,411
Unpaid claim adjustment expenses	516,451	665,143
Aggregate health policy reserves	-	987,056
Accrued expenses and other liabilities	8,459,673	2,342,088
Total Liabilities	37,577,591	47,982,277
Surplus		
Paid-in surplus	2,663,661	1,416,311
Unassigned surplus	14,424,086	13,462,264
Total Surplus	17,087,747	14,878,575
Total Liabilities and Surplus	$ 54,665,338	$ 62,860,852

Cascade Health Alliance, LLC
Statutory Statements of Revenues and Expenses
Years Ended December 31, 2025 and 2024

	2025	2024
Net Premium Revenue	$ 172,441,135	$ 163,136,104
Medical and Hospital		
Medical and hospital benefits	84,769,540	77,673,551
Pharmacy services	20,466,765	15,329,455
Other professional services	32,943,618	29,823,298
Risk pool and incentive payments	10,990,382	17,722,682
Aggregate write-ins for other hospital and medical	2,786,653	2,435,503
	151,956,958	142,984,489
Net stop-loss recoveries	(201,699)	(895,576)
Total Medical and Hospital	151,755,259	142,088,913
Claims Adjustment Expenses	8,947,188	9,555,046
General and Administrative Expenses	12,660,786	13,337,064
Total Underwriting Deductions	173,363,233	164,981,023
Net Underwriting Gain (Loss)	(922,098)	(1,844,919)
Investment Income Earned	2,081,397	2,639,579
Net Gain Before Income Taxes	1,159,299	794,660
Federal Income Tax Expense	(205,546)	(212,106)
Net Income	$ 953,753	$ 582,554

Cascade Health Alliance, LLC
Statutory Statements of Changes in Surplus
Years Ended December 31, 2025 and 2024

	Paid-In Surplus	Unassigned Surplus	Total Surplus
Balance, January 1, 2024	$ 1,416,311	$ 15,379,459	$ 16,795,770
Net income	-	582,554	582,554
Change in nonadmitted assets	-	(45,000)	(45,000)
Change in net deferred income tax	-	45,251	45,251
Dividends to stockholders	-	(2,500,000)	(2,500,000)
Balance, December 31, 2024	1,416,311	13,462,264	14,878,575
Net income	-	953,753	953,753
Change in nonadmitted assets	-	45,001	45,001
Change in net deferred income tax	-	(36,932)	(36,932)
Paid in surplus	1,247,350	-	1,247,350
Balance, December 31, 2025	$ 2,663,661	$ 14,424,086	$ 17,087,747

Cascade Health Alliance, LLC
Statutory Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash from Operations		
Premiums and revenue collected, net of stop-loss insurance	$ 167,561,532	$ 158,578,584
Benefits and loss related payments	(166,739,267)	(133,882,689)
General and claims adjustment expenses paid	(21,519,267)	(23,107,358)
Cash Provided by (Used in) Underwriting	(20,697,002)	1,588,537
Federal income taxes paid	(207,232)	(1,286,769)
Investment income received	2,402,319	2,488,834
Miscellaneous income	16	4,505,012
Net Cash Provided by (Used in) Operations	(18,501,899)	7,295,614
Cash from Investing Activity		
Proceeds from investments sold, matured or repaid	267,950	34,914,449
Purchase of certificates of deposit	(4,972)	(1,602,207)
Net Cash Provided by Investing Activity	262,978	33,312,242
Cash from Financing and Miscellaneous Sources		
Dividends to stockholders	-	(2,500,000)
Other cash provided	6,163,354	64,971
Net Cash Provided by (Used in) Financing and Miscellaneous Sources	6,163,354	(2,435,029)
Change in Cash and Cash Equivalents	(12,075,567)	38,172,828
Cash and Cash Equivalents, Beginning of Year	60,173,557	22,000,729
Cash and Cash Equivalents, End of Year	$ 48,097,990	$ 60,173,557
Noncash Transactions		
Receivable for paid-in surplus	$ 1,247,350	$ -

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Cascade Health Alliance, LLC (the Company), a wholly-owned subsidiary of Cascade Comprehensive Care, Inc. (CCC), was incorporated in 2012 as a Coordinated Care Organization (CCO) for certain Medicaid residents in Klamath County, Oregon. The Company is certified by the State of Oregon. In May 2013, a memorandum of understanding was entered into between Klamath County and the Company regarding the provision of the mental health safety net. The Oregon Health Authority (OHA) approved a CCO, effective September 1, 2013. The Company has an agreement with OHA to provide prepaid health services to health care providers and members. Payments under these agreements include predetermined, prepaid periodic fee and prospectively determined rates and discounts from established charges.

Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with statutory accounting practices prescribed or permitted by the Oregon Health Authority (OHA), which vary in some respects from accounting principles generally accepted in the United States of America (GAAP). OHA recognizes only statutory accounting practices prescribed or permitted by the State of Oregon for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Oregon insurance law. The *Accounting Practices and Procedures Manual* of the National Association of Insurance Commissioners (NAIC) has been adopted as a component of prescribed or permitted practices by the State of Oregon. The Oregon Commissioner of Insurance has the right to permit or prescribe specific practices that deviate from the NAIC's *Accounting Practices and Procedures Manual*, with certain exceptions.

Accounting practices and procedures of the NAIC as prescribed or permitted by OHA (NAIC SSAP) comprise a comprehensive basis of accounting other than GAAP. The more significant differences are as follows:

- Assets are reported at "admitted asset" value and "nonadmitted assets" are excluded through a charge against surplus, while under GAAP, "nonadmitted" assets are reflected on the statement of admitted assets, liabilities and surplus, net of any valuation allowance.
- Assets related to stop-loss ceded transactions are netted with the respective liability accounts. Under GAAP, stop-loss insurance balances would be shown on a separate gross basis. Under NAIC SSAP, claims unpaid are reported net of stop-loss insurance, while under GAAP, the balance sheet reports stop-loss insurance recoverable, including amounts related to claims incurred but not reported, and prepaid insurance premiums as assets.
- Deferred federal income taxes are provided for the tax effects of certain income and expense items recognized for income purposes in different years than for financial reporting purposes. The change in the deferred tax assets or deferred tax liabilities is reflected in surplus. GAAP requires the change to be reported as a component of income tax expense. Admittance testing may result in a charge to surplus for nonadmitted portions of the deferred tax assets.
- The statutory statement of cash flows follows a prescribed method included in the NAIC instructions to present changes in the amounts in balance sheet accounts, which may not reflect actual cash flows from transactions or operations.
- Statutory financial statements are prepared in a form using language and groupings substantially the same as the annual statement of the Company, filed with the NAIC and state regulatory authorities, which differ from the presentation and disclosure of financial statements presented under GAAP.

- Under SAP, for debt securities with credit-related declines in fair value, if the Company has the intent and ability to hold these securities until the fair value recovers above cost or amortized cost, no other-than-temporary impairment is recognized. For debt securities with interest-related declines in fair value, if the Company does not have the intent to sell and has the ability to hold these securities until fair value recovers above cost or amortized cost, no other-than-temporary impairment is recognized. Under GAAP, debt security impairments are evaluated as a provision for credit loss. If the Company does not intend to sell an impaired security and it is more likely than not it will be required to sell before recovery of its amortized cost, the credit-related loss is recorded in an allowance for credit losses and earnings and the non-credit loss through other comprehensive income. If a security is impaired and the Company intends to sell or will more likely than not be required to sell, the security is written down to fair value, first offsetting any previously recorded allowance for credit losses and the remaining through earnings.

The following information reconciles statutory capital and surplus to GAAP equity as of December 31, 2025 and 2024, and statutory income to GAAP income for the years ended December 31, 2025 and 2024.

	2025	2024
GAAP equity	$ 17,196,681	$ 15,434,992
NAIC SSAP		
Nonadmitted assets	45,001	(45,000)
Retained earnings adjustment - income taxes	(117,002)	(556,667)
Other	(36,933)	45,250
Statutory surplus	$ 17,087,747	$ 14,878,575

	2025	2024
GAAP net income	$ 915,897	$ 639,222
NAIC SSAP		
Income taxes	37,856	(56,668)
Statutory net income	$ 953,753	$ 582,554

Use of Estimates

The preparation of statutory financial statements in conformity with accounting practices and procedures prescribed or permitted by OHA requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates contained in the statutory financial statements involve the Company's liability for unpaid claims and unpaid claims adjustment expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents and with maturities of one year or less from the acquisition date to be short-term investments. At December 31, 2025 and 2024, cash and cash equivalents consisted of cash and money market deposit accounts. As of December 31, 2025 and 2024, cash and cash equivalents include cash of $31,559,208 and $47,723,471, respectively, and cash equivalents which included money market funds of $16,538,782 and $12,450,086, respectively.

At December 31, 2025, the Company's cash and cash equivalents exceeded federally insured limits by approximately $47,598,000.

The carrying amount of cash and cash equivalents approximates fair value.

Bonds

Bonds, including certificates of deposit with maturity dates in excess of one year from the date of acquisition, are generally stated at amortized cost, which is calculated using the effective interest method to amortize the premium or discount between acquisition date and maturity date (or call date, whichever produces the lowest yield). Third-party pricing sources were used to obtain fair market values. The NAIC designates ratings of bonds from 1 to 6. Bonds with ratings of 1-2 are stated at amortized cost using the interest method. Bonds with ratings of 3-6 require the bond to be carried at the lower of cost or market, with any related unrealized gains and losses reported in surplus.

The Company evaluates all of its investments based on current market prices, economic conditions and financial conditions of the issuer. Investments that have declined in fair value below cost, which are judged to be other than temporary, are written down to estimated fair value. There were no other-than-temporary declines in fair values for the year ended December 31, 2025.

Nonadmitted Assets

Certain assets (notes receivable due from providers) are designated as "nonadmitted" and are charged to unassigned surplus in the statutory financial statements, whereas under GAAP, such assets would be carried at cost, less any applicable allowances.

Unpaid Claims

Unpaid claims represent the ultimate net cost of all reported and unreported medical claims incurred but not paid through the end of the reporting period. This estimate is based on claims reported, actuarial estimates and trends in the health care costs. Subsequent actual claims experience and related settlement costs may differ from the estimated liability due to variances in estimated and actual subscriber utilization of medical services, the amount of charges and other factors. This estimate is subject to a significant degree of inherent variability. The estimates are continually reviewed and any necessary adjustments are included in current operations.

Risk Pool Payables

The Company has entered into an agreement with providers to pool risk based on certain health care claims payables. Payments from the incentive pool reserve may be limited by payment of health care costs to providers in excess of the agreed-upon medical target loss ratio as stipulated in the participating provider's contract. As part of a risk-sharing incentive program, the Company retains a percentage of the interim payments of certain contractual providers against a risk-sharing fund. In the event utilization is in excess of budget, those providers bear the remaining risk. For the years ended December 31, 2025 and 2024, the retention was 15%. The Company settles the payables in June of the subsequent year as defined in the contracts.

Premium Revenue and Related Benefits

Health capitation premiums are recognized in the period members are entitled to related health care services. Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Expenses are charged to operations as incurred.

Unpaid claims and claims adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

Stop-Loss Insurance

Stop-loss insurance premiums, recoveries and reserves related to stop-loss business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the stop-loss insurance contracts. Premiums, benefits incurred and liability for unpaid claims are reported in the statutory basis financial statements net of stop-loss amounts.

Income Taxes

The Company is subject to income taxes. For federal income tax purposes, the Company files a consolidated return with CCC. Current income taxes incurred are charged to the statutory statements of revenues and expenses based upon tax returns for the current period and tax contingencies for the current period.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the statutory financial statement carrying amounts of existing assets and liabilities at their respective tax bases. Gross deferred tax assets and liabilities are measured using enacted tax rates and are considered for admitted asset status according to the admissibility tests as set forth by the NAIC. Changes in deferred tax assets and deferred tax liabilities, including changes attributable to changes in tax rates, are recognized as a component of surplus.

Gross deferred income tax assets are reduced by a valuation allowance if the Company determines it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Adjusted deferred income tax assets are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with IRS tax loss carryback provisions, not to exceed three years, plus (2) the lesser of the remaining gross deferred income taxes assets expected to be realized within three years of the balance sheet date or 15% of surplus (subject to certain limitations), excluding any net deferred income tax assets, electronic data processing equipment and operating software and any net positive goodwill, plus (3) the amount of remaining gross deferred income tax assets that can be offset against existing deferred income tax liabilities. The remaining deferred income tax assets in excess of the above are non-admitted. Deferred income taxes do not include amounts for state taxes.

Concentrations

The Company is under contract (the Contract) with the State of Oregon, Oregon Health Authority, and the Division of Medical Assistance Programs (DMAP) to provide prepaid health services to Klamath County, Oregon as a fully capitated health plan. The Contract is funded by the State of Oregon and is reviewed and renewed annually. As of December 31, 2025, the Contract has been renewed for an additional year. Substantially all of the Company's business activities are with members in Klamath County.

Risks and Uncertainties

Certain risks and uncertainties are inherent to the Company's day-to-day operations and to the process of preparing its statutory financial statements. The more significant of those risks and uncertainties are presented below and throughout the notes to the statutory financial statements.

External Factors

The Company is highly regulated by the state in which it is domiciled, as well as states in which it does business. Such regulations, among other things, limit the amount of shareholder dividends, and impose restrictions on the amount and types of investments.

Risk-Based Capital

The NAIC has developed risk-based capital (RBC) standards that relate an insurer's reported statutory surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to protect the Company from the various risks that it faces. The NAIC model allows for various levels or regulatory action based on the magnitude of an indicated RBC capital deficiency, if any.

The Company continues to monitor its internal capital requirements and the NAIC's RBC requirement. The Company has determined that its capital levels are in excess of the minimum capital requirements for all RBC action levels. Management believes that the Company's capital levels are sufficient to support the level of risk inherent in its operations.

Note 2. Investments

The carrying value and estimated fair value of investments in bonds are as follows at December 31, 2024:

	2024			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt Securities				
Certificates of deposit	$ 262,979	$ -	$ -	$ 262,979
	$ 262,979	$ -	$ -	$ 262,979

The components of net investment income for the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
Cash and cash equivalents	$ 2,090,265	$ 1,260,953
Bonds and certificates of deposit	4,972	1,391,462
Investment expenses	(13,840)	(12,836)
	$ 2,081,397	$ 2,639,579

Note 3. Related-Party Transactions with CCC

Cascade Health Alliance, LLC is a wholly-owned subsidiary of Cascade Comprehensive Care, Inc. (CCC). CCC is owned by 46 individual shareholders (54.17%), including primary care physicians and specialists, and Sky Lakes Medical Center (45.83%). No one individual shareholder owns more than 7.46% of CCC.

The Company has a Worker Leasing and Administrative Services Agreement with CCC. CCC provides employees and administrative services to the Company pursuant to the Worker Leasing and Administrative Services Agreement. During 2025 and 2024, the Company paid $19,018,353 and $20,120,211, respectively, in accordance with this agreement.

During the year ended December 31, 2025, Cascade Comprehensive Care, Inc. (CCC) made a capital contribution to the Company in the amount of $1,247,350. The additional paid-in surplus was authorized for 2025 and was paid during 2026. Accordingly, the Company has recorded a receivable for the paid-in surplus of $1,247,350 within other receivables within the Company's statutory statement of admitted assets, liabilities, and surplus.

Note 4. Unpaid Claims and Claims Adjustment Expenses

The following table provides a reconciliation of the beginning and ending unpaid claims and claims adjustment expense (CAE) balances for the medical and hospital expenses for the years ended December 31, 2025 and 2024, as reported in the accompanying statutory statements of admitted assets, liabilities and surplus:

	2025	2024
Unpaid claim and CAE, beginning of year	$ 30,859,722	$ 23,705,798
Incurred related to		
Current year	151,384,537	135,287,556
Prior years	(1,672,472)	(1,366,279)
Total incurred losses and CAE	149,712,065	133,921,277
Paid related to		
Current year	128,275,366	104,894,837
Prior years	28,552,107	21,872,516
Total paid losses and CAE	156,827,473	126,767,353
Unpaid claims and CAE, end of year	$ 23,744,314	$ 30,859,722

As a result of changes in estimates of insured claims in prior years, the provision for claims decreased by $1,672,472 and $1,366,279 during the years ended December 31, 2025 and 2024, respectively, as a result of favorable development.

Note 5. Stop-loss Insurance

The Company has a stop-loss insurance agreement with an insurance company to limit its claims on hospital inpatient and outpatient service claims and professional services. For hospital inpatient and outpatient services and for professional services, the terms of this agreement state the Company's retention per member per policy year for 2025 and 2024 is $275,000 each year. Beginning with the renewal effective on October 1, 2022, the individual contract year maximum is unlimited, and the attachment point is $275,000 with certain member exclusions. There is no annual lifetime maximum. The coinsurance is 90% based on 100% of contract provider rates, subject to limitations. The Company's ceded premium expenses for 2025 and 2024, were $1,999,131 and $1,906,436, respectively. Outstanding recoverables on paid claims were $51,766 and $442,316 at December 31, 2025 and 2024, respectively.

Note 6. Federal Income Taxes

The components of the net deferred tax asset (liability) recognized in the Company's statutory statements of admitted assets, liabilities and surplus are as follows.

	December 31, 2025		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 108,025	$ -	$ 108,025
Statutory valuation allowance adjustment	-	-	-
Adjusted gross deferred tax assets	108,025	-	108,025
Deferred tax assets nonadmitted	-	-	-
Net deferred tax assets	108,025	-	108,025
Deferred tax liabilities	-	-	-
Net admitted deferred tax asset	$ 108,025	$ -	$ 108,025

	December 31, 2024		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 144,956	$ -	$ 144,956
Statutory valuation allowance adjustment	-	-	-
Adjusted gross deferred tax assets	144,956	-	144,956
Deferred tax assets nonadmitted	-	-	-
Net deferred tax assets	144,956	-	144,956
Deferred tax liabilities	-	-	-
Net admitted deferred tax asset	$ 144,956	$ -	$ 144,956

	Change		
	Ordinary	Capital	Total
Gross deferred tax assets	$ (36,931)	$ -	$ (36,931)
Statutory valuation allowance adjustment	-	-	-
Adjusted gross deferred tax assets	(36,931)	-	(36,931)
Deferred tax assets nonadmitted	-	-	-
Net deferred tax assets	(36,931)	-	(36,931)
Deferred tax liabilities	-	-	-
Net admitted deferred tax asset	$ (36,931)	$ -	$ (36,931)

A summary of the Company's adjusted admitted gross deferred tax asset calculation by component and character for the years ended December 31, 2025 and 2024, were as follows:

	December 31, 2025		
	Ordinary	Capital	Total
Admission calculation components SSAP No. 101 (paragraph 11)			
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 108,025	$ -	$ 108,025
Expected to be realized (lesser of i. or ii.)			
i. Expected to be realized	-	-	-
ii. Surplus limitation	XXX	XXX	1,583,947
DTL offset	-	-	-
Total admitted under 11a. - 11c.	108,025	-	108,025
Deferred tax liabilities	-	-	-
Net admitted deferred tax asset as the result of SSAP No. 101	$ 108,025	$ -	$ 108,025

	December 31, 2024		
	Ordinary	Capital	Total
Admission calculation components SSAP No. 101 (paragraph 11)			
Federal income taxes paid in prior years recoverable through loss carrybacks	$ 144,956	$ -	$ 144,956
Expected to be realized (lesser of i. or ii.)			
i. Expected to be realized	-	-	-
ii. Surplus limitation	XXX	XXX	2,240,249
DTL offset	-	-	-
Total admitted under 11a. - 11c.	144,956	-	144,956
Deferred tax liabilities	-	-	-
Net admitted deferred tax asset as the result of SSAP No. 101	$ 144,956	$ -	$ 144,956

The limitation threshold in the above table is based on certain criteria. These amounts for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Ratio percentage used to determine recovery period and threshold limitation amount		
RBC ratio	298%	274%
Adjusted surplus	$ 16,979,722	$ 14,733,619

Current income taxes incurred consist of the following major components:

	2025	2024
Current income tax		
Federal expense	$ 203,740	$ 193,501
Other	1,806	18,605
Federal income tax expense	$ 205,546	$ 212,106

Deferred income tax assets and liabilities consist of the following major components:

	2025	2024
Deferred Tax Assets		
Ordinary		
Discounting of unpaid losses	$ 108,025	$ 144,956
Gross ordinary DTAs	108,025	144,956
Nonadmitted ordinary DTAs	-	-
Admitted ordinary DTAs	108,025	144,956
Admitted deferred tax assets	108,025	144,956
Deferred tax liabilities	-	-
Net deferred tax assets	$ 108,025	$ 144,956

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate for the years ended December 31, 2025 and 2024, are as follows:

	2025	
	Amount	Effective Tax Rate
Income before taxes	$ 242,477	20.92%
Federal income taxes incurred	$ 205,546	17.73%
Change in net deferred income taxes	36,931	3.19%
Total statutory income taxes	$ 242,477	20.92%

	2024	
	Amount	Effective Tax Rate
Income before taxes	$ 166,856	21.00%
Federal income taxes incurred	$ 212,106	26.69%
Change in net deferred income taxes	(45,250)	-5.69%
Total statutory income taxes	$ 166,856	21.00%

As of December 31, 2025 and 2024, the Company did not have any net operating loss carryforwards.

As of December 31, 2025 and 2024, the Company did not have any capital loss carryforwards.

The following is income tax expense for the years ended December 31, 2025 and 2024, that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2024	195,306	-	195,306
2025	203,740	-	203,740

The Company's federal income tax return is consolidated with Cascade Comprehensive Care, Inc.

The method of allocation among companies is subject to a written agreement, approved by the board of directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses of other items utilized in the consolidated tax return.

Note 7. Commitments and Contingencies

In the normal course of business, the Company is, from time to time, subject to allegations that may result in litigation. Some of these allegations are in areas not covered by the Company's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Company evaluates such allegations by conducting investigations to determine the validity of each potential claim. Management believes that any ultimate liability that could arise from the actions would not materially affect the Company's statutory basis financial statements. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

The Company believes that it is in compliance with all applicable laws and regulations, and it is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and termination of contract by the OHA.

Note 8. Restricted Reserve and Risk Based Capital Requirements

Under the CCO contract requirements, the Company must report on financial solvency requirements on a quarterly basis. Financial solvency is demonstrated by two key measures: the restricted reserve requirement and the net worth requirement. The restricted reserve requirement specifies the Company must establish a Restricted Reserve Account and maintain adequate funds, as defined, in the account to meet primary and secondary restricted reserve requirements. The primary purpose of the restricted reserve is to make payments to providers in the event of the Company's insolvency.

The restricted reserve requirement is approximately half of one month's average medical costs, and includes $250,000 for the primary restricted reserve, and all amounts in excess of $250,000 as the secondary restricted reserve. As of December 31, 2025 and 2024, the Company met the restricted reserve requirements each quarter during both years as required by the contract

Contractual Reserves as of December 31, 2025 and 2024, consist of money market funds and certificates of deposit. These reserves are held at financial institutions and to satisfy reserve requirements under the OHA contract and are restricted as to their use. As of December 31, 2025 and 2024, total admitted contractual reserves were $6,648,393 and $5,828,176, respectively.

The Company's capital and surplus exceeded the required legal standards established by the OHA. The Company is evaluated based on risk-based capital (RBC) requirements defined by the NAIC. Under those requirements, the amount of capital and surplus maintained is based on the various risk factors related to it. As of December 31, 2025 and 2024, the Company was in compliance with the RBC requirement.

Note 9. Medical Loss Ratio

The Company is required to pay rebates to the State of Oregon when minimum loss ratio (MLR) thresholds are not met or exceeded. The Company has Medicaid products that are subject to the MLR. The minimum MLR threshold for Medicaid is 85%.

Due to the timing of the required risk adjustment determination process, the Company must estimate the risk adjustment transfer for December 31 of each year for the financial presentation. In the following calendar year, the final risk adjustment transfer determination is made and a final look back as to the MLR is performed. The Company may be required to pay rebates upon this final MLR level for the previous financial year.

At December 31, 2025 and 2024, the Company met the minimum MLR threshold by line of business.

Note 10. Fair Value Measurements

The following methods were used to estimate the fair value of financial instruments, such as when impaired, or for certain bonds when carried at the lower of cost or market in the accompanying statutory statements of admitted assets, liabilities and surplus at amounts other than fair value as required by SSAP 100R.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used.

The Company's other financial instruments have been classified, for disclosure purposes, based on a hierarchy defined by SSAP 101R, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined by using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date. The Company had no Level 3 financial instruments at December 31, 2025 and 2024.

Cash and Cash Equivalents

The carrying amounts for these instruments approximate fair value. Certificates of deposit classified as cash are valued at fair value based on information provided by the Company's financial institution.

Bonds

Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Bonds, including certificates of deposit, were carried at amortized cost and others at fair market value in accordance with accounting practices prescribed by OHA.

Fair Value of Financial Instruments

The estimated fair values of the Company's financial instruments at December 31, 2025 and 2024 are as follows:

	2025			
	Admitted Value	Fair Value	Level 1	Level 2
Cash and Cash Equivalents	$ 48,097,990	$ 48,097,990	$ 16,400,421	$ 31,697,569
Bonds				
Certificates of deposit	$ -	$ -	$ -	$ -
Total Bonds	$ -	$ -	$ -	$ -

	2024			
	Admitted Value	Fair Value	Level 1	Level 2
Cash and Cash Equivalents	$ 60,173,557	$ 60,173,557	$ 11,823,297	$ 48,350,260
Bonds				
Certificates of deposit	$ 262,979	$ 262,979	$ -	$ 262,979
Total Bonds	$ 262,979	$ 262,979	$ -	$ 262,979

Note 11. Subsequent Events

Subsequent events have been evaluated through June 18, 2026, which is the date the statutory financial statements were available to be issued.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

Board of Directors
Cascade Health Alliance, LLC
Klamath Falls, Oregon

Our 2025 audit was conducted for the purpose of forming an opinion on the 2025 basic statutory financial statements as a whole. The statutory financial statements were prepared on the basis of accounting practices prescribed or permitted by the Oregon Health Authority (OHA). The accompanying supplemental schedules, as of and for the year ended December 31, 2025, listed in the table of contents are presented for the purpose of complying with the National Association of Insurance Commissioners' *Instructions to Annual Audited Financial Reports* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and are presented for purposes of additional analysis and are not a required part of the basic 2025 statutory 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 2025 statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2025 statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory 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 2025 statutory financial statements as a whole.

Forvis Mazars, LLP

Kansas City, Missouri
June 18, 2026

Cascade Health Alliance, LLC
Supplemental Schedule of Reinsurance Disclosures
December 31, 2025

1. The Company's total admitted assets at December 31, 2025, were $54,665,338

2. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) U.S. government, U.S. government agency securities and those U.S. government money market funds listed in Appendix to the SVO Purposes and Procedures Manual as exempt; (ii) property occupied by the Company and (iii) policy loans.

Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
-	-	$ -	0.0%

3. The amounts and percentages of the Company's total admitted assets held in bonds by NAIC rating including bonds classified in short-term investments were as follows at December 31, 2025:

Bonds - NAIC Rating	Amount	Percentage of Total Admitted Assets
NAIC - 1	$ -	0.0%

4-23. The Company holds only certificates of deposit; therefore, these disclosures are not applicable.

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
Investment Categories	Amount	Percentage	Amount	Percentage
Long-Term Bonds				
Certificates of Deposit	$ -	0%	$ -	0%
Cash and cash equivalents				
Cash	$ 48,097,990	100%	$ 48,097,990	100%
Total cash and cash equivalents	$ 48,097,990	100%	$ 48,097,990	100%

Cascade Health Alliance, LLC
Supplemental Schedule of Reinsurance Disclosures
December 31, 2025

In accordance with SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance,* paragraphs 79 through 84, the Company is required to disclose in a supplemental schedule certain information related to reinsurance contracts entered into, renewed, or amended on or after January 1, 1996. At December 31, 2025, the Company's reinsurance contracts did not meet the disclosure requirements within SSAP No. 61R and, as such, the required supplemental schedule has been omitted.