LAKELAND CARE, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lakeland Care, Inc. and Affiliate
Fond du Lac, Wisconsin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lakeland Care, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lakeland Care, Inc. and Affiliate, as of December 31, 2025 and 2024, and the changes in their net assets and their 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Family Care Audit Guide* issued by the State of Wisconsin Department of Human Services. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Lakeland Care, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lakeland Care, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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, *Government Auditing Standards,* and the *Family Care Audit Guide* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Family Care Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lakeland Care, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lakeland Care, Inc. and Affiliate'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and schedule of findings and questioned costs is presented for purposes of additional analysis and are 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 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Board of Directors
Lakeland Care, Inc. and Affiliate

Other Reporting Required by *Government Auditing Standards* and the *Family Care Audit Guide*

In accordance with *Government Auditing Standards* and the *Family Care Audit Guide*, we have also issued our report dated May 29, 2026, on our consideration of the Lakeland Care, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lakeland Care, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Family Care Audit Guide* in considering the Lakeland Care, Inc. and Affiliate's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
May 29, 2026

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents, Operating	$ 47,121,811	$ 26,205,975
Cash and Cash Equivalents, Other	2,057,135	3,290,321
Short-Term Investments	23,936,462	21,957,246
Accounts Receivable		
State of Wisconsin		
Capitation Receivable, Net of Allowance	2,359,829	2,821,110
Other DHS Receivable, Net of Allowance	5,339,668	3,931,120
Members and Others		
Cost Share Receivable, Net of Allowance	549,368	700,540
Room and Board Receivable, Net of Allowance	1,460,998	1,094,061
Other Short-Term Receivable, Net of Allowance	268,822	229,881
Prepaid Insurance	1,358,392	1,157,574
Prepaid Providers	627,727	392,430
Prepaid Expenses, Other	743,275	681,059
Other Current Assets	54,480	376,474
Total Current Assets	85,877,967	62,837,791
NONCURRENT ASSETS		
Risk Reserve Funds-FC Permitted MCO	5,340,323	4,633,327
Solvency Reserve/Guaranty Funds on Deposit, Permitted MCO	1,754,770	1,754,770
Property and Equipment		
Equipment	424,600	403,026
Furniture and Fixtures	830,539	830,539
Leasehold Improvements	766,896	766,896
Software	7,606,584	6,618,001
Vehicles	50,964	50,964
Total	9,679,583	8,669,426
Less: Accumulated Depreciation		
Equipment	(387,290)	(378,196)
Furniture and Fixtures	(830,539)	(819,738)
Leashold Improvements	(752,331)	(741,409)
Software	(5,419,515)	(4,587,079)
Vehicles	(36,830)	(27,408)
Net Property and Equipment	2,253,078	2,115,596
Operating Right-of-Use Assets, Net	525,040	277,168
Long-Term Investments	3,307,850	4,188,420
Total Noncurrent Assets	13,181,061	12,969,281
Total Assets	$ 99,059,028	$ 75,807,072

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2025 AND 2024

	2025	2024
LIABILITIES		
CURRENT LIABILITIES		
Capitation Payable	$ 534,673	$ 248,110
State of Wisconsin Payable	5,665,462	4,215,899
Accrued Salaries	1,166,621	933,674
Accrued Taxes and Benefits	1,912,661	1,766,371
Member Services	33,757,613	31,240,363
Accounts Payable, Claims Processed	1,038,262	457,676
Accounts Payable, General	4,640,382	5,220,615
Current Portion of Operating Lease Liability	322,313	201,652
Other Current Liabilities	172,210	149,240
Total Current Liabilities	49,210,197	44,433,600
LONG-TERM LIABILITIES		
Operating Lease Liability - Less Current Portion	202,990	80,202
Other Long-Term Liabilities	20,653	20,653
Total Long-Term Liabilities	223,643	100,855
Total Liabilities	49,433,840	44,534,455
NET ASSETS		
WITHOUT DONOR RESTRICTION		
Investment in Property and Equipment	2,253,078	2,115,596
Restricted Reserve	5,340,323	4,633,327
Solvency Fund	1,754,770	1,754,770
Without Donor Restriction - Other	40,277,017	22,768,924
Total Without Donor Restriction	49,625,188	31,272,617
Total Liabilities and Net Assets	$ 99,059,028	$ 75,807,072

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating Revenues:		
Medicaid Capitation	$ 427,483,602	$ 364,024,498
Cost Share	8,185,084	9,110,862
Room and Board	31,000,250	28,641,391
Third Party	70,595	322,266
Interest Income, Operating	282,391	306,747
Investment Gains	1,108,945	1,338,812
Retro Rate Adjustments	(3,507,248)	1,801,978
Miscellaneous	1,593,146	794,159
Total Operating Revenues	466,216,765	406,340,713
Operating Expenses:		
Direct Member Service Expenses:		
Long-Term Care Services:		
Residential Services (Community Based)	243,744,973	206,890,881
Personal Care/Supportive Home Care	85,225,681	79,994,775
Transportation	12,922,005	14,128,720
Nursing Home	35,864,789	39,537,345
Durable Medical Equipment	5,796,723	6,308,942
Other Expenses	6,868,241	8,127,387
Total Long-Term Care Services	390,422,412	354,988,050
Care Management Expenses:		
Care Management - Internal	42,648,331	42,237,666
Care Management Administration - Allocated	3,625,998	2,549,268
Depreciation Expense	680,687	716,659
Total Care Management Expenses	46,955,016	45,503,593
Administrative Expenses:		
Wages and Benefits	12,364,431	11,927,566
Contracted TPA Expense	1,681,785	1,643,819
Occupancy	510,159	604,603
Office Expenses	408,485	416,403
Legal/Accounting/Audit	601,938	594,080
Other Professional Services	1,619,826	1,170,837
Depreciation Expense	191,991	227,211
Insurance Expense	291,787	290,237
Travel/Training/Conference	263,907	232,435
Other Administrative Expense	805,446	394,422
Administration Allocation to Care Management	(3,625,998)	(2,549,268)
Total Administrative Expenses	15,113,757	14,952,345
Total Operating Expenses	452,491,185	415,443,988
Change in Net Assets, Operating	13,725,580	(9,103,275)

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Nonoperating Revenues (Expense)		
Interest Income	$ 199,841	$ 209,017
Prior Year IBNR Adjustment	3,224,490	(688,040)
Prior Year Adjustment-Other	-	(61,689)
Prior Year Expense	1,202,660	2,108,609
Prior Year DCW Funding, for Jul-Dec PY DOS	9,686,454	-
Prior Year DCW Provider Payments, for Jul-Dec PY POS	(9,686,454)	-
Other Nonoperating Revenues (Expenses)	-	(157,616)
Net Nonoperating Revenues	4,626,991	1,410,281
CHANGE IN NET ASSETS	18,352,571	(7,692,994)
Net Assets - Beginning of Year	31,272,617	38,965,611
NET ASSETS - END OF YEAR	$ 49,625,188	$ 31,272,617

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services	Supporting Services Management and General	Total
Salaries and Wages	$ 27,872,986	$ 8,849,278	$ 36,722,264
Payroll Taxes and Benefits	11,180,046	3,515,153	14,695,199
Travel	1,419,393	262,465	1,681,858
Training and Development	236,865	-	236,865
Contract Services	806,791	1,681,785	2,488,576
Furnishings	687,385	510,159	1,197,544
Supplies	71,802	408,485	480,287
Insurance	-	291,787	291,787
Marketing	14,375	-	14,375
Technology	70,187	1,619,826	1,690,013
Provider Services	390,422,412	601,938	391,024,350
Depreciation	680,687	191,991	872,678
Care Management Administration - Allocated	3,625,998	(3,625,998)	-
Miscellaneous	288,501	806,888	1,095,389
Total Expenses by Function	$ 437,377,428	$ 15,113,757	$ 452,491,185

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services Management and General	Total
Salaries and Wages	$ 26,848,285	$ 8,530,758	$ 35,379,043
Payroll Taxes and Benefits	11,433,232	3,396,808	14,830,040
Travel	1,300,273	232,435	1,532,708
Training and Development	65,390	-	65,390
Contract Services	1,090,956	1,643,819	2,734,775
Occupancy	-	-	-
Furnishings	932,707	604,603	1,537,310
Supplies	55,969	416,403	472,372
Insurance	-	290,237	290,237
Marketing	77,228	-	77,228
Technology	61,863	1,170,837	1,232,700
Provider Services	355,340,775	594,080	355,934,855
Depreciation	716,659	227,211	943,870
Care Management Administration - Allocated	2,549,268	(2,549,268)	-
Miscellaneous	19,038	394,422	413,460
Total Expenses by Function	$ 400,491,643	$ 14,952,345	$ 415,443,988

See accompanying Notes to Consolidated Financial Statements.

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Medicaid Capitation	$ 430,789,711	$ 365,129,834
Cash Received from Member and Other Charges	41,648,159	40,822,007
Interest Received	1,456,854	1,631,088
Cash Payments to Suppliers	(415,215,626)	(377,548,477)
Cash Payments to Employees	(36,314,969)	(34,441,851)
Net Cash Provided (Used) by Operating Activities	22,364,129	(4,407,399)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,010,160)	(980,946)
Sale (Purchase) of investments	(964,323)	4,926,661
Net Cash Provided (Used) by Investing Activities	(1,974,483)	3,945,715
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	20,389,646	(461,684)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	35,884,393	36,346,077
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 56,274,039	$ 35,884,393
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Change in Net Assets	$ 18,352,571	$ (7,692,994)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	872,678	943,870
Change in Provision for Credit Losses	(133,888)	481,188
Realized and Unrealized Gains on Operating Investments	(134,323)	(223,488)
Changes in Current Assets and Liabilities:		
Accounts Receivable	(1,068,085)	98,914
Prepaid Expenses	(498,331)	(1,461,064)
Other Current Assets	321,994	577,881
Accounts Payable	23,323	2,575,939
Operating Lease Liability	(4,423)	(7,448)
Member Services	2,803,813	469,735
State of Wisconsin Payable	1,449,563	(513,226)
Accrued Liabilities	379,237	343,294
Net Cash Provided (Used) by Operating Activities	$ 22,364,129	$ (4,407,399)
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 49,178,946	$ 29,496,296
Restricted Cash and Investments	7,095,093	6,388,097
Total Cash, Cash Equivalents, and Restricted Cash	$ 56,274,039	$ 35,884,393

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lakeland Care, Inc. and Affiliate is a community-based, nonstock, nonprofit corporation that enriches individual lives of its members and their families by providing coordinated long-term health care and supports to build and sustain individuals' success. Effective January 1, 2017, we converted from a public long-term care district to a private nonprofit organization and changed our name to Lakeland Care, Inc. and Affiliate We are governed by a board of directors. At least one-fourth of the members of the board of directors are representatives of the client group or groups whom the care management organization is contracted to serve or those clients' family members, guardians, or other advocates.

Lakeland Care, Inc. is also the sole member of a wholly owned subsidiary called Lakeland Care Plus, Inc. (Lakeland Care Plus). Lakeland Care Plus was created to provide coaching, consulting, and information technology solutions to drive sustainable growth of clients. Collectively they are referred to as the "Organization", "We", "Us", or "Our".

We operate as an independent managed care organization (MCO) under contract with the State of Wisconsin Department of Health Services (DHS) to manage the Family Care program. Family Care is a Medicaid funded long-term care program that helps its members get the services they need to remain in their homes. Members are 18 years or older and includes frail elderly, physically disabled and intellectual/developmentally disabled members. Members must meet both functional and financial eligibility requirements. The program objective is to provide cost effective, comprehensive and flexible long-term care that will foster consumers' independence and quality of life, while recognizing the need for interdependence and support. We serve members that reside in Adams, Brown, Calumet, Columbia, Dane, Dodge, Door, Florence, Fond du Lac, Forest, Green Lake, Jefferson, Kewaunee, Langlade, Lincoln, Manitowoc, Marathon, Marinette, Marquette, Menominee, Oconto, Oneida, Outagamie, Portage, Rock, Shawano, Vilas, Waupaca, Waushara, Winnebago, and Wood counties.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of Lakeland Care, Inc. and Affiliate, Lakeland Care Plus. Lakeland Care, Inc. has both control and an economic interest in the affiliate. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to the restricted reserve and solvency fund are excluded from this definition.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Member accounts receivable consist of amounts due for the coordinated long-term health care and support services which are recorded in the accompanying consolidated statement of financial position. The adequacy of the allowance for credit losses is reviewed on an ongoing basis, using historical claim payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific member accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Payment for services is required within 90 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance for credit loss. Interest is not charged on past due accounts receivable.

We believe the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The changes in allowance for credit losses are shown below.

	2025	2024
Balance - Beginning of the Year	$ 1,379,888	$ 898,700
Current Period Provision for Expected Credit Losses	1,109,588	1,297,489
Direct Write-Downs Charged Against the Allowance	(1,243,476)	(816,301)
Balance - End of Year	$ 1,246,000	$ 1,379,888

We have contracts with DHS to provide services to qualified Medicaid recipients which represent the source of capitation revenue. The contracts are renewed annually but may be terminated with proper written notice. The contract has been renewed from January 1, 2026 through December 31, 2026. The capitation revenue is subject to retroactive rate adjustments as calculated by the State of Wisconsin. We adjust our capitation revenue for these estimated retroactive rate adjustments based on its level-of-care statistics used by the State of Wisconsin. The Organization and DHS have other risk-sharing and incentives which are accrued based on available information at year-end. Any adjustments between the estimated settlement accruals and the actual rate are included in the consolidated statement of activities in the period it becomes known.

Investments

We record investment purchase at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

We record property and equipment additions over $1,500 at cost, or if donated, at fair value on the date of donation. We also capitalize computers, monitors, and various peripherals. The individual cost threshold of $1,500 does not apply to these types of assets. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and Fixtures	3 to 10 Years
Vehicles, Machinery, and Equipment	3 to 25 Years
Leasehold Improvements	10 to 20 Years

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2025 and 2024.

Leases

The Organization leases office equipment, equipment, and office space with noncancelable terms in excess of one year. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated statements of financial position.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the Organization’s incremental borrowing rate. The incremental borrowing rate used is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by Organization assets. Determine a credit spread as secured by Organization assets may require significant judgment.

Member Service Liability

We have entered into agreements with providers for certain health care services on a contractual fee-for-service basis. Costs of these services are recognized as an expense in the period the service is provided and are recorded as claims as incurred. Costs estimated but not reported are recorded based upon the forecast cost method. Any adjustments between the estimates and the actual claims are included in the consolidated statement of activities in the period they become known.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- (or grantor-) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Performance obligations are determined based on the nature of the services provided by the Organization. Capitation revenues are recognized over time and are based on interim per member per month capitation rates per the contracts with the DHS and services covered by Medicare. The DHS and Medicare make monthly interim capitation payments to the Organization. Family Care revenue for performance obligations is generally recognized over time and is based on monthly capitation target group rate by region and the actual days of service provided to a member in relation to total days of the month. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Amounts received in advance are deferred to the applicable period.

The capitation revenue from the DHS contracts is subject to retroactive rate adjustments as calculated by the State of Wisconsin. The Organization estimates accrued retroactive rate adjustments through a mathematical approach based on enrollment demographics, established rates, and information received from the State of Wisconsin and records the adjustment as accounts receivable. Any adjustments between the estimates and the actual rate are included in the consolidated statement of activities in the period it becomes known.

Member pay revenue (room and board, cost share) is recognized over time when the services are provided and represents that portion of services not covered under the contracts with DHS and Medicare.

Unearned member services revenue (capitation, room and board, cost share) and receivables related to member services revenue are as follows:

	2025	2024	2023
Contract Assets:			
Accounts Receivable			
State of Wisconsin	$ 7,699,497	$ 6,752,230	$ 7,901,057
Members and Other - Net of Allowance for Credit Losses	2,279,188	2,024,482	1,840,626
Total	$ 9,978,685	$ 8,776,712	$ 9,741,683
Contract Liabilities:			
State of Wisconsin	$ 5,665,462	$ 4,215,899	$ 4,729,125
Member Services	34,292,286	31,488,473	31,018,738
Total	$ 39,957,748	$ 35,704,372	$ 35,747,863

Advertising Costs

Advertising costs are expensed as incurred and were $89,848 and $175,629 during the years ended December 31, 2025 and 2024, respectively.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions with Affiliate

Employees of Lakeland Care Plus, Inc. provide significant amounts of time to Lakeland Care, Inc.'s general and administrative services. These services are considered to be services received from personnel of an affiliate and are recorded as salary expense in the consolidated statements of activities and consolidated statements of functional expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, insurance, travel, and IT/System License/Software, which are allocated on the basis of estimates of time and effort.

Income Taxes

Lakeland Care, Inc. is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under IRC Section 509(a)(1). We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report our unrelated business taxable income.

Lakeland Care Plus, Inc. is organized as a Wisconsin corporation owned 100% by Lakeland Care, Inc. The Company evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2025 and 2024.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through May 29, 2026, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2025	2024
Cash and Cash Equivalents	$ 49,178,946	$ 29,496,296
Accounts Receivable:		
State of Wisconsin	7,699,497	6,752,230
Members and Other - Net of Allowance for Credit Losses	2,279,188	2,024,482
Total	$ 59,157,631	$ 38,273,008

Under the terms of our contract with DHS, we carried a restricted reserve in the amount of \$5,340,323 and \$4,633,327, at December 31, 2025 and 2024, respectively, and a solvency reserve, held by the State of Wisconsin – Office of the Commissioner of Insurance, in the amount of \$1,754,770 and \$1,754,770, respectively, at December 31, 2025 and 2024. The required level of risk and solvency reserves is calculated annually by DHS based on our estimated budgeted enrollment and annual capitation payments. Disbursements from these reserves that result in account balances less than required minimum balances require additional approval by DHS.

The Organization held a line of credit of \$9,000,000 in 2025 and 2024 to help manage unanticipated liquidity needs. There were no advances on the loan during the years ended December 31, 2025 and 2024.

NOTE 3 FAMILY CARE PROGRAM

Our primary source of revenue is capitation payments received from the State of Wisconsin Department of Health Services for services provided to members enrolled in the Family Care Program.

Our contract with the State of Wisconsin Department of Health Services is renewable annually and has been renewed through December 31, 2026. In 2025, we continued to serve members that reside in Brown, Calumet, Door, Florence, Fond du Lac, Forest, Kewaunee, Langlade, Lincoln, Manitowoc, Marathon, Marinette, Menominee, Oconto, Oneida, Outagamie, Portage, Shawano, Vilas, Waupaca, Winnebago, and Wood counties. A loss of funding under the Family Care Program would have a significant adverse impact on our financial position and operations.

NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES

We report certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset.

NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

There has been no change in the methodology used as of December 31, 2025 and 2024. Following is a description of the valuation methodology used for the Organization's assets measured at fair value:

Governmental obligations: Classified as Level 2 because they are comprised of bonds and notes that are valued using pricing models maximizing the use of observable inputs for similar securities

Certificates of deposit: Valued at cost plus accrued interest, which approximates fair value.

The following tables set forth, by level within the fair value hierarchy, our assets at fair value as of December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Investments				
U.S. Government Securities	$ 27,244,312	$ -	$ 27,244,312	$ -
Investments - Other				
Certificates of Deposit Held in Trust by the State of Wisconsin	1,754,770	1,754,770	-	-
Total	$ 28,999,082	$ 1,754,770	$ 27,244,312	$ -

	2024			
	Total	Level 1	Level 2	Level 3
Investments				
U.S. Government Securities	$ 26,145,666	$ -	$ 26,145,666	$ -
Investments - Other				
Certificates of Deposit Held in Trust by the State of Wisconsin	1,754,770	1,754,770	-	-
Total	$ 27,900,436	$ 1,754,770	$ 26,145,666	$ -

NOTE 5 CASH AND INVESTMENTS

The carrying amount of our cash and investments on December 31 is summarized below:

	2025	2024
Deposits With Financial Institutions	$ 54,519,269	$ 34,129,623
Investments:		
Certificates of Deposit Held in Trust by the State of Wisconsin	1,754,770	1,754,770
Investments U.S. Government Securities	27,244,312	26,145,666
Total	$ 83,518,351	$ 62,030,059

	2025	2024
Reconciliation to the Financial Statements:		
Statement of Financial Position		
Cash and Cash Equivalents	$ 49,178,946	$ 29,496,296
Restricted Cash and Investments	7,095,093	6,388,097
Short-Term Investments	23,936,462	21,957,246
Long-Term Investments	3,307,850	4,188,420
Total	$ 83,518,351	$ 62,030,059

Restricted cash and investments on December 31, 2025 and 2024 consisted of cash and investments held for the following purposes:

	2025	2024
Minimum Risk Reserve	$ 5,340,323	$ 4,633,327
Solvency Reserve	1,754,770	1,754,770
Total Restricted Cash and Investments	$ 7,095,093	$ 6,388,097

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2025	2024
Capitation Revenue Receivable Due from the State of Wisconsin	$ 2,359,829	$ 2,821,110
Retro Rate Adjustment Receivable	5,339,668	3,931,120
Total Receivable from the State of Wisconsin	$ 7,699,497	$ 6,752,230
Member Receivables	$ 3,525,188	$ 3,404,370
Allowance for Credit Losses	(1,246,000)	(1,379,888)
Net Receivable from Members	$ 2,279,188	$ 2,024,482

NOTE 7 MEMBER SERVICES LIABILITY

Member services liability consists of the following at December 31:

	2025	2024
Incurred but Not Reported Services	$ 33,757,613	$ 31,240,363
Accrued Capitation Revenue Payable	534,673	248,110
Total Member Services	$ 34,292,286	$ 31,488,473

A summary of the changes in the incurred but not reported services payable for 2025 and 2024 follows:

	2025	2024
Member Services - January 1	$ 31,488,473	$ 31,018,738
Current Year Claims and Changes in Estimates	390,422,410	354,988,049
Claim Payments	(387,618,597)	(354,518,314)
Member Services - December 31	$ 34,292,286	$ 31,488,473

NOTE 8 LEASES

The Organization leases equipment, and office facilities for various terms under long-term, noncancelable lease agreements. The Organization classifies these leases as operating leases. Several of the Organization's leases contain renewal options. For leases where the Organization is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from total lease payments used to determine the lease liability. For leases where the Organization is reasonably certain to exercise these renewal options, the optional periods are included in determining the lease term, and associated payments under these renewal options are included in total lease payments used to determine the lease liability. Several of the Organization's facility space leases include termination options for the Organization should they lose their contract with the State of Wisconsin. None of the leases include restrictive financial or other covenants.

Payments due under the lease contracts include fixed payments over the lease term and variable payments that are based upon defined annual increases. Additionally, the lease contracts generally require the Organization to pay a proportion of real estate taxes, insurance, common area expenses, and repairs.

NOTE 8 LEASES (CONTINUED)

The following tables provide quantitative information concerning the Organization's leases for the year ended December 31:

	2025	2024
Lease Cost:		
Operating Lease Cost	$ 522,579	$ 684,273
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 527,005	$ 691,721
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 94,515	$ 79,756
Weighted-Average Remaining Lease Term-Operating Leases	1.6 Years	1.3 Years
Weighted-Average Discount Rate-Operating Leases	4.15%	4.34%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2025 is as follows:

Year	Amount
2026	$ 337,198
2027	203,000
2028	4,100
Undiscounted Cash Flows	544,298
Less: Imputed Interest	(18,995)
Total Present Value	$ 525,303
Short-Term Lease Liabilities	$ (322,313)
Long-Term Lease Liabilities	(202,990)
Total Lease Liabilities	$ (525,303)

NOTE 9 EMPLOYEE BENEFITS

We sponsor a defined contribution plan (Lakeland Care, Inc. Retirement Savings Plan or the Plan) covering all employees at least age 18 with two months of service who agree to make contributions to the Plan. We make a contribution to the Plan each year equal to 100% of an employee's salary deferrals up to 2% of an employee's compensation and 50% of an employee's salary deferrals between 2% and 6% of compensation. In addition, we may make discretionary profit-sharing contributions to the Plan. Total expense for the years ended December 31, 2025 and 2024 was $970,766 and $1,390,284, respectively.

NOTE 10 LIABILITY INSURANCE

We have purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; Cyber liability; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the Organization.

NOTE 11 DIRECT CARE WORKFORCE FUNDING INITIATIVE

Direct care workforce (DCW) refers to people who provide hands-on care for older adults and people with disabilities. The Direct Care Workforce Initiative helps assisted living providers pay their direct care workers more with the goal of helping to recruit and retain experienced staff. Managed care organizations (MCO), like Lakeland Care Inc., offer DCW Funding Initiative Funding to assisted living providers who participate in Family Care and have an active contract with the MCO. Payments are based on the total amount of eligible services provided through the Family Care program.

The Wisconsin Department of Health Services (DHS) determines how much each provider should be paid and that payment to the MCO. According to its contract with DHS, Lakeland Care Inc. must pass along the full amount it receives from DHS without withholding any portion.

Starting in 2025, DHS requires MCOs to report DCW provider payments in financial statements. LCI's payments during the year are listed as prior year DCW provider payments for Jul-Dec PY POS on the consolidated statement of activities.

Amounts received from DHS that remained payable at December 31, 2025 and 2024 totaled $2,089,391 and $3,322,578, respectively, and are included in accounts payable – general on the consolidated statement of financial position.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Our contract with the Wisconsin Department of Health Services requires compliance with several financial measures. We are in compliance with the working capital, risk reserve and the solvency reserve requirements at year-end.

The Organization was the subject of a Wisconsin Department of Health Services (DHS) inquiry in late 2024 that led to DHS imposing sanctions and requirement of a corrective action plan. The inquiry arose out of errors in reporting encounter data that formed the basis for the incorrect distribution of the Direct Care Workforce supplemental payments. The Organization challenged DHS's imposition of sanctions and the corrective action plan and is awaiting a response from DHS. Regardless, The Organization has implemented its own corrective action plan to resolve the issues leading to the errors in encounter data reporting.

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

After communication back and forth with the Department regarding the error with the Direct Care Workforce Funding, we were notified on February 9, 2026 that the concerns that the Department had are closed, and that the work that Lakeland Care put into the corrective action plan to ensure integrity of the data reporting moving forward was adequate. There was no sanction imposed.

Lakeland Care, Inc. and CareSource have completed due diligence and have entered into an Affiliation Agreement effective March 14, 2025. The Affiliation will allow CareSource and Lakeland Care to work and invest together, realizing valuable synergies and improving efficiency for operations, technology, data and analytics, and strategic insight. Regulatory approvals are required by the Wisconsin Department of Health Services and the Office of the Commissioner of Insurance prior to closing. As of May 29, 2026 the outcome and timing of the approval process is unknown.

On September 15, 2025, Lakeland Care and CareSource mutually agreed to dissolve the affiliation agreement. There were no financial implications because of the dissolution of this agreement.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE *FAMILY CARE AUDIT GUIDE*

Board of Directors
Lakeland Care, Inc. and Affiliate
Fond du Lac, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Family Care Audit Guide* issued by the Comptroller General of the State of Wisconsin, the consolidated financial statements of Lakeland Care, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Lakeland Care, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeland Care, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Lakeland Care, Inc. and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
Lakeland Care, Inc. and Affiliate

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeland Care, Inc. and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *Family Care Audit Guide.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lakeland Care, Inc. and Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Family Care Audit Guide* in considering the Lakeland Care, Inc. and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
May 29, 2026

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS	Lakeland Care, Inc.	Lakeland Care Plus Inc.	Total Before Consolidation	Eliminations	Consolidated
CURRENT ASSETS					
Cash and Cash Equivalents, Operating	$ 46,923,044	$ 198,767	$ 47,121,811	$ -	$ 47,121,811
Cash and Cash Equivalents, Other	2,057,135	-	2,057,135	-	2,057,135
Short-Term Investments	23,936,462	-	23,936,462	-	23,936,462
Accounts Receivable:					
State of Wisconsin					
Capitation Receivable, Net	2,359,829	-	2,359,829		2,359,829
Other DHS Receivable, Net	5,339,668	-	5,339,668	-	5,339,668
Member and Others					
Cost Share Receivable, Net	549,368	-	549,368	-	549,368
Room and Board Receivable, Net	1,460,998	-	1,460,998	-	1,460,998
Other Short-Term Receivable, Net	355,241	44,615	399,856	(131,034)	268,822
Parent, Subsidiary, Affiliate Receivable	681,000	-	681,000	(681,000)	-
Prepaid Insurance	1,311,732	46,660	1,358,392	-	1,358,392
Prepaid Providers	627,727	-	627,727	-	627,727
Prepaid Expenses, Other	743,275	-	743,275	-	743,275
Other Current Assets	54,480	-	54,480	-	54,480
Total Current Assets	86,399,959	290,042	86,690,001	(812,034)	85,877,967
NONCURRENT ASSETS					
Risk Reserve Funds-FC Permitted MCO	5,340,323	-	5,340,323	-	5,340,323
Solvency Reserve/Guaranty Funds on Deposit, Permitted MCO	1,754,770	-	1,754,770	-	1,754,770
Other Long-Term Investments	100,000	-	100,000	(100,000)	-
Property and Equipment					
Equipment	424,600	-	424,600	-	424,600
Furniture and Fixtures	830,539	-	830,539	-	830,539
Leashold Improvements	766,896	-	766,896	-	766,896
Software	7,606,584	-	7,606,584	-	7,606,584
Vehicles	50,964	-	50,964	-	50,964
Total	9,679,583	-	9,679,583	-	9,679,583
Accumulated Depreciation					
Equipment	(387,290)	-	(387,290)	-	(387,290)
Furniture and Fixtures	(830,539)	-	(830,539)	-	(830,539)
Leashold Improvements	(752,331)	-	(752,331)	-	(752,331)
Software	(5,419,515)	-	(5,419,515)	-	(5,419,515)
Vehicles	(36,830)	-	(36,830)	-	(36,830)
Net Property and Equipment	2,253,078	-	2,253,078	-	2,253,078
Operating Right-of-Use Assets, Net	525,040	-	525,040	-	525,040
Long-Term Investments	3,307,850	-	3,307,850	-	3,307,850
Total Noncurrent Assets	13,281,061	-	13,281,061	(100,000)	13,181,061
Total Assets	$ 99,681,020	$ 290,042	$ 99,971,062	$ (912,034)	$ 99,059,028

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2025

	Lakeland Care, Inc.	Lakeland Care Plus Inc.	Total Before Consolidation	Eliminations	Consolidated
LIABILITIES					
CURRENT LIABILITIES					
Capitation Payable	$ 534,673	$ -	$ 534,673	$ -	$ 534,673
State of Wisconsin Payable	5,665,462	-	5,665,462	-	5,665,462
Accrued Salaries	1,119,244	47,377	1,166,621	-	1,166,621
Accrued Taxes and Benefits	1,843,952	68,709	1,912,661	-	1,912,661
Member Services	33,757,613	-	33,757,613	-	33,757,613
Accounts Payable, Claims Processed	1,038,262	-	1,038,262	-	1,038,262
Accounts Payable, General	4,562,275	78,107	4,640,382	-	4,640,382
Parent, Subsidiary, Affiliate Payable	-	131,034	131,034	(131,034)	-
Due to Other	-	681,000	681,000	(681,000)	-
Current Portion of Operating Lease Liability	322,313	-	322,313	-	322,313
Other Current Liabilities	168,870	3,340	172,210	-	172,210
Total Current Liabilities	49,012,664	1,009,567	50,022,231	(812,034)	49,210,197
LONG-TERM LIABILITIES					
Operating Lease Liability - Less Current Portic	202,990	-	202,990	-	202,990
Other Long-Term Liabilities	20,653	-	20,653	-	20,653
Total Long-Term Liabilities	223,643	-	223,643	-	223,643
Total Liabilities	49,236,307	1,009,567	50,245,874	(812,034)	49,433,840
NET ASSETS					
WITHOUT DONOR RESTRICTION					
Investment in Property and Equipment	2,253,078	-	2,253,078	-	2,253,078
Restricted Reserve	5,340,323	-	5,340,323	-	5,340,323
Solvency Fund	1,754,770	-	1,754,770	-	1,754,770
Without Donor Restriction - Other	41,096,542	(719,525)	40,377,017	(100,000)	40,277,017
Total Without Donor Restriction	50,444,713	(719,525)	49,725,188	(100,000)	49,625,188
Total Liabilities and Net Assets	$ 99,681,020	$ 290,042	$ 99,971,062	$ (912,034)	$ 99,059,028

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Lakeland Care Inc.	Lakeland Care Plus Inc.	Eliminations	Consolidated
Operating Revenues:				
Medicaid Capitation	$ 427,483,602	$ -	$ -	$ 427,483,602
Cost Share	8,185,084	-	-	8,185,084
Room and Board	31,000,250	-	-	31,000,250
Third Party	70,595	-	-	70,595
Interest Income, Operating	282,391	-	-	282,391
Investment Gains	1,134,186	-	(25,241)	1,108,945
Retro Rate Adjustments	(3,507,248)	-	-	(3,507,248)
Inter-Company Revenue	-	2,401,260	(2,401,260)	-
Miscellaneous	1,501,645	91,501	-	1,593,146
Total Operating Revenues	466,150,505	2,492,761	(2,426,501)	466,216,765
Operating Expenses:				
Direct Member Service Expenses:				
Long-Term Care Services:				
Residential Services (Community Based)	243,744,973	-	-	243,744,973
Personal Care/Supportive Home Care	85,225,681	-	-	85,225,681
Transportation	12,922,005	-	-	12,922,005
Nursing Home	35,864,789	-	-	35,864,789
Durable Medical Equipment	5,796,723	-	-	5,796,723
Other Expenses	6,868,241	-	-	6,868,241
Total Long-Term Care Services	390,422,412	-	-	390,422,412
Care Management Expenses:				
Care Management - Internal	42,648,331	-	-	42,648,331
Care Management Administration - Allocated	3,625,998	-	-	3,625,998
Depreciation Expense	680,687	-	-	680,687
Total Care Management Expenses	46,955,016	-	-	46,955,016
Administrative Expenses:				
Wages and Benefits	10,013,248	2,351,183	-	12,364,431
Contracted TPA Expense	1,681,785	-	-	1,681,785
Occupancy	499,354	10,805	-	510,159
Office Expenses	391,784	16,701	-	408,485
Legal/Accounting/Audit	595,543	6,395	-	601,938
Other Professional Services	3,929,306	91,780	(2,401,260)	1,619,826
Depreciation Expense	191,991	-	-	191,991
Insurance Expense	283,352	8,435	-	291,787
Travel/Training/Conference	208,620	55,287	-	263,907
Other Administrative Expense	727,575	103,112	(25,241)	805,446
Administration Allocation to Care Management	(3,625,998)	-	-	(3,625,998)
Total Administrative Expenses	14,896,560	2,643,698	(2,426,501)	15,113,757
Total Operating Expenses	452,273,988	2,643,698	(2,426,501)	452,491,185
Change in Net Assets, Operating	13,876,517	(150,937)	-	13,725,580

LAKELAND CARE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Lakeland Care Inc.	Lakeland Care Plus Inc.	Eliminations	Consolidated
Nonoperating Revenues (Expense)				
Interest Income	$ 199,841	$ -	$ -	$ 199,841
Prior Year IBNR Adjustment	3,224,490	-	-	3,224,490
Prior Year Expense	1,202,660	-	-	1,202,660
Prior Year DCW Funding, for Jul-Dec PY DOS	9,686,454	-	-	9,686,454
Prior Year DCW Provider Payments, for Jul-Dec PY DOS	(9,686,454)	-	-	(9,686,454)
Net Nonoperating Revenues (Expenses)	4,626,991	-	-	4,626,991
CHANGE IN NET ASSETS	18,503,508	(150,937)	-	18,352,571
Net Assets - Beginning of Year	31,941,205	(568,588)	(100,000)	31,272,617
NET ASSETS (DEFICIT) - END OF YEAR	$ 50,444,713	$ (719,525)	$ (100,000)	$ 49,625,188

LAKELAND CARE, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section I – Summary of Auditors' Results

Consolidated Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x no

3. Noncompliance material to financial statements noted? ____ yes x no

Section II – Consolidated Financial Statement Findings

None.

Section III – Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	____ yes	x no

1. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Family Care Audit Guide*:

Wisconsin Department of Health Services	____ yes	x no

2. Was a Management Letter or other document conveying audit comments issued as a result of this audit? ____ yes x no

Name and signature of principal ______________________
Greg Thelen, CPA

Date of report May 29, 2026