

UNITED STATES OF CARE CAMPAIGN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

UNITED STATES OF CARE CAMPAIGN

Table of Contents

December 31, 2022

Table of Contents

Independent Auditor's Report.....	1 – 2
-----------------------------------	-------

Financial Statements

Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 – 14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States of Care Campaign

Opinion

We have audited the accompanying financial statements of United States of Care Campaign (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States of Care Campaign as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Change in Accounting Principle

As disclosed in Note 2 to the financial statements, United States of Care Campaign adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Emphasis of Matter

As part of our audit of the 2022 financial statements, we also audited the adjustment described in Note 3 that was applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.



HAN GROUP LLC
Washington, DC
May 5, 2023

UNITED STATES OF CARE CAMPAIGN

Statement of Financial Position

December 31, 2022

Assets

Cash	\$ 5,182,550
Contributions receivable, net	882,827
Due from affiliate	169,579
Investments	4,912,080
Prepaid expenses	79,035
Property and equipment, net	<u>23,276</u>

Total assets	<u><u>\$ 11,249,347</u></u>
--------------	-----------------------------

Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	<u>\$ 108,642</u>
---------------------------------------	-------------------

Total liabilities	<u>108,642</u>
-------------------	----------------

Net Assets

Without donor restrictions	10,167,472
With donor restrictions	<u>973,233</u>

Total net assets	<u>11,140,705</u>
------------------	-------------------

Total liabilities and net assets	<u><u>\$ 11,249,347</u></u>
----------------------------------	-----------------------------

UNITED STATES OF CARE CAMPAIGN

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 10,433,111	\$ 685,000	\$ 11,118,111
Donated services	657,000	-	657,000
Other income	1,310	-	1,310
Net investment loss	(101,767)	-	(101,767)
Net assets released from restrictions:			
Expiration of time restrictions	751,860	(751,860)	-
Satisfaction of purpose restrictions	691,404	(691,404)	-
Total revenue and support	12,432,918	(758,264)	11,674,654
Expenses			
Program services:			
Policy and external affairs	1,819,352	-	1,819,352
Innovation lab	1,350,238	-	1,350,238
Communications	820,127	-	820,127
Total program services	3,989,717	-	3,989,717
Supporting services:			
Management and general	968,684	-	968,684
Fundraising	837,382	-	837,382
Total supporting services	1,806,066	-	1,806,066
Total expenses	5,795,783	-	5,795,783
Change in net assets before other items	6,637,135	(758,264)	5,878,871
Other Items			
Bad debt expense	(135,538)	-	(135,538)
Change in Net Assets	6,501,597	(758,264)	5,743,333
Net Assets , beginning of year as previously stated	3,665,875	931,497	4,597,372
Prior Period Adjustment	-	800,000	800,000
Net Assets , beginning of year as restated	3,665,875	1,731,497	5,397,372
Net Assets , end of year	\$ 10,167,472	\$ 973,233	\$ 11,140,705

See accompanying notes.

UNITED STATES OF CARE CAMPAIGN
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services			
	Policy and External Affairs	Innovation Lab	Communi- cations	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salary and Benefits	\$ 1,225,494	\$ 524,115	\$ 460,687	\$ 2,210,296	\$ 595,828	\$ 650,378	\$ 1,246,206	\$ 3,456,502
Professional Services	492,520	757,243	270,018	1,519,781	308,893	108,315	417,208	1,936,989
Office expenses	32,668	18,757	60,203	111,628	18,565	16,933	35,498	147,126
Travel and meeting	28,513	25,255	9,658	63,426	23,672	18,465	42,137	105,563
Dues and Subscriptions	16,914	13,843	10,948	41,705	8,797	32,317	41,114	82,819
Occupancy	13,965	7,536	5,755	27,256	7,128	6,341	13,469	40,725
Other Expenses	9,278	3,489	2,858	15,625	5,801	4,633	10,434	26,059
Total Expenses	<u>\$ 1,819,352</u>	<u>\$ 1,350,238</u>	<u>\$ 820,127</u>	<u>\$ 3,989,717</u>	<u>\$ 968,684</u>	<u>\$ 837,382</u>	<u>\$ 1,806,066</u>	<u>\$ 5,795,783</u>

See accompanying notes.

UNITED STATES OF CARE CAMPAIGN

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities

Change in net assets	\$ 5,743,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,368
Loss on disposal	7,437
Change in present value discount	(26,860)
Realized and unrealized loss on investments	157,404
Donated marketable securities	(2,043,385)
Proceeds from sale of donated marketable securities	3,046,022
Change in operating assets and liabilities:	
Contributions receivable	691,309
Due from affiliate	(164,808)
Prepaid expenses	(40,483)
Accounts payable and accrued expenses	45,119

Net cash provided by operating activities	<u>7,436,456</u>
-------------------------------------------	------------------

Cash Flows from Investing Activities

Purchases of investments	<u>(5,066,681)</u>
--------------------------	--------------------

Net cash used in investing activities	<u>(5,066,681)</u>
---------------------------------------	--------------------

Net Increase in Cash	2,369,775
----------------------	-----------

Cash, beginning of year	<u>2,812,775</u>
-------------------------	------------------

Cash, end of year	<u><u>\$ 5,182,550</u></u>
-------------------	----------------------------

See accompanying notes.

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

1. Nature of Operations

United States of Care Campaign (the Organization) was incorporated in September 2017 in the District of Columbia. The Organization was founded by Americans from diverse backgrounds who believe it is time to put health care over politics. The Organization's mission is to ensure that every single American has access to quality, affordable health care regardless of health status, social need, or income. The Organization funds its program and supporting services primarily through contributions from institutional partners, individuals, and foundations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, exchange revenue is recognized when earned, and expenses are recognized as obligations are incurred.

Contributions Receivable

Unconditional contributions expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate commensurate with the risk identified. Amortization of the discount is included in contributions of cash and other financial assets. Balances are reviewed individually for collectability. At December 31, 2022, the Organization had \$110,000 in allowance for bad debt which is included in contributions receivable, net on the accompanying statement of financial position.

Investments

Investments are measured at fair value and are composed of short-term funds, bond funds, common stocks, and exchange traded funds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Investment income is presented net of investment advisory and management fees, if any, on the accompanying statement of activities. Net realized and unrealized gains or losses on investments are included in net investment income.

Property and Equipment

Property and equipment over \$1,500 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or their estimated useful lives. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in management and general expenses on the accompanying statement of activities.

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-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. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2022.

Revenue Recognition

Contributions

The majority of the Organization's revenue is received through contributions. Contributions without conditions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when purpose restrictions are met and when time restrictions expire. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized in revenue once the conditions on which they depend have been met. The Organization has adopted the simultaneous release option for conditional contributions or portions of conditional contributions for which the contribution is received and the condition is met in the same period. Accordingly, these are recognized as revenue without donor restrictions. Amounts received in advance of the conditions being met are recorded in refundable advances. The Organization did not have any receivables or refundable advances related to conditional contributions at December 31, 2022. The Organization had \$374,998 unrecognized conditional awards at December 31, 2022.

Donated marketable securities are recognized in contribution revenue at their estimated fair market values at the date of donation. The Organization's policy is to sell donated securities as soon as practical.

Donated Services

Donated services are recognized as revenue and expenses on the accompanying statement of activities at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salary and benefits, professional services, travel and meetings, dues and subscriptions, office expenses, occupancy, and other expenses.

Adoption of Accounting Standards Update

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that an organization to present contributions of nonfinancial assets as a separate line item apart from contributions of cash or other financial assets on the statement of activities. Additionally, the categories of recognized contributed nonfinancial assets, how the services were utilized, and the valuation techniques and inputs used to arrive at a fair value measure are disclosed. The Organization adopted ASU 2020-07 on a retrospective basis. The presentation and disclosures of contributed nonfinancial assets have been enhanced in accordance with the standards.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Prior Period Adjustment

In previously issued financial statements, the Organization did not report unconditional contribution revenue with a donor-imposed time restriction in the period in which the promise was received. As a result, the accompanying financial statements for the year ending December 31, 2022 have been restated to adjust the net assets as of December 31, 2021. An entry was made to increase the previously reported contributions by \$800,000 and the beginning net assets with donor restrictions at January 1, 2022 on the accompanying statement of activities.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Balance at December 31, 2021, as previously stated	\$ 3,665,875	\$ 931,497	\$ 4,597,372
Record 2021 contributions	-	800,000	800,000
Balance at December 31, 2021, as restated	<u>\$ 3,665,875</u>	<u>\$ 1,731,497</u>	<u>\$ 5,397,372</u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

4. Concentrations and Contingencies

The Organization's cash is held in accounts at certain commercial financial institutions, the aggregate balance of these, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit per depositor, per institution. The Organization has not experienced any losses on its cash deposits to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

The Organization invests funds in a professionally managed portfolio. Such investments are exposed to market and credit risks. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported on the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Revenue from two sources accounted for approximately 86% of the Organization's revenue and support for the year ended December 31, 2022. Additionally, receivables due from two sources comprised 90% of the total contributions receivable at December 31, 2022.

5. Contributions Receivable

Contributions receivable are comprised of unconditional promises to give and are receivable as follows on December 31, 2022:

Receivable within one year	\$ 400,000
Receivable in one to five years	<u>625,000</u>
Total contributions receivable	1,025,000
Less: allowance for doubtful accounts	(110,000)
Less: unamortized discount	<u>(32,173)</u>
Contributions receivable, net	<u><u>\$ 882,827</u></u>

Multi-year contributions are discounted to their present value with discount rates ranging from 0.13% to 2.77% over the period of the contributions using an estimate of expected cash flows.

6. Investments

Investments consist of the following at December 31, 2022:

Bond funds	\$ 4,640,143
Common stocks	227,674
Exchange traded funds	40,926
Short-term funds	<u>3,337</u>
Total investments	<u><u>\$ 4,912,080</u></u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

7. Fair Value Measurements

The three levels of the fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- *Level 1* – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- *Level 2* – Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- *Level 3* – Unobservable inputs that cannot be corroborated by observable market data.

The following is a summary of input levels used to determine fair values, measured on a recurring basis, of investments at December 31, 2022:

	Level 1	Total
Bond funds	\$ 4,640,143	\$ 4,640,143
Common stocks	227,674	227,674
Exchange traded funds	40,926	40,926
Short-term funds	3,337	3,337
Total investments at fair value	<u>\$ 4,912,080</u>	<u>\$ 4,912,080</u>

8. Property and Equipment

The Organization held the following property and equipment at December 31, 2022:

Computer and software	\$ 64,637
Furniture and equipment	<u>3,097</u>
Total property and equipment	67,734
Less: accumulated depreciation	<u>(44,458)</u>
Property and equipment, net	<u>\$ 23,276</u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

9. Donated services

The following table summarizes the Organization's donated services by major category for the year ended December 31, 2022:

Donated services	Amount	Usage in Programs/ Activities	Donor Imposed Restrictions	Fair Value Techniques and Inputs
		Innovation Lab	None	Standard rates of the donating firm for services.
Consulting Services	\$ 657,000			
Total donated services	<u>\$ 657,000</u>			

There were no donor restrictions on the use of donated services and no donated services were monetized in the year ended December 31, 2022.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2022:

Subject to passage of time	\$ 967,827
Subject to expenditures for specific purposes:	
Diversity, equity and inclusion work	<u>5,406</u>
Total net assets with donor restrictions	<u>\$ 973,233</u>

During the year ended December 31, 2022, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions	\$ 751,860
Satisfaction of purpose restrictions:	
New public option	560,000
Diversity, equity and inclusion work	71,404
Cross-state campaign: Colorado and Connecticut	<u>60,000</u>
Total net assets released from donor restrictions	<u>\$ 1,443,264</u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

11. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year.

Financial Assets:

Cash	\$ 5,182,550
Contributions receivable within one year	400,000
Investments – short-term	<u>873,314</u>
Total financial assets	6,455,864
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions on the financial assets	<u>(973,233)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,482,631</u>

The Organization's policy is to structure its financial assets to become available as general expenditures, liabilities, and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term goals will continue to be met.

12. Related Party Transactions

United States of Care Action (the Action Fund), a not-for-profit organization as defined in section 501(c)(4) of the Internal Revenue Code, is related to the Organization through common management and one common board member. The entities share office space, employees and related office expenses under a resource sharing and expense reimbursement agreement. The Organization allocated \$295,652 of expenses to the Action Fund and the Action Fund paid \$130,844 to the Organization during the year ended December 31, 2022. At December 31, 2022, the amount due from the Action Fund was \$169,579 and is included in due from affiliate on the accompanying statement of financial position.

13. Retirement Plan

The Organization maintains a Section 403(b) defined contribution plan (the Plan) which is available to all employees who meet certain age and length of service requirements. Subject to certain limitations, participants may elect to make pre-tax contributions up to the maximum permitted by law. In addition, the Organization makes discretionary matching contributions of up to 5% of all eligible employees' compensation. The Organization contributed \$147,746 to the Plan during the year ended December 31, 2022 which is included in salaries and related expenses on the accompanying statement of functional expenses.

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2022

14. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2022, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2022 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

15. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 5, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.