

UNITED STATES OF CARE CAMPAIGN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2023

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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, 2023, 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, 2023, 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.

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.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
April 23, 2024

UNITED STATES OF CARE CAMPAIGN

Statement of Financial Position

December 31, 2023

Assets

Cash	\$ 1,274,685
Accounts receivable, net	37,500
Contributions receivable, net	890,610
Due from affiliate	114,268
Investments	5,206,764
Prepaid expenses	70,308
Property and equipment, net	<u>36,034</u>

Total assets	<u>\$ 7,630,169</u>
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Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	<u>\$ 78,095</u>
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Total liabilities	<u>78,095</u>
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Net Assets

Without donor restrictions	6,318,831
With donor restrictions	<u>1,233,243</u>

Total net assets	<u>7,552,074</u>
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Total liabilities and net assets	<u>\$ 7,630,169</u>
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UNITED STATES OF CARE CAMPAIGN

Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions of cash and other financial assets	\$ 258,783	\$ 1,551,094	\$ 1,809,877
Contributions of nonfinancial assets	1,296,615	-	1,296,615
Investment earnings, net	294,711	-	294,711
Contract revenue	65,000	-	65,000
Other income	10,188	-	10,188
Net assets released from restrictions:			
Expiration of time restrictions	340,681	(340,681)	-
Satisfaction of purpose restrictions	950,403	(950,403)	-
Total revenue and support	3,216,381	260,010	3,476,391
Operating Expenses			
Program services:			
Innovation lab	2,200,773	-	2,200,773
Policy and external affairs	1,690,756	-	1,690,756
Communications	886,821	-	886,821
Events	378,845	-	378,845
Total program services	5,157,195	-	5,157,195
Supporting services:			
Management and general	1,071,377	-	1,071,377
Fundraising	896,450	-	896,450
Total supporting services	1,967,827	-	1,967,827
Total expenses	7,125,022	-	7,125,022
Change in net assets before nonoperating activities	(3,908,641)	260,010	(3,648,631)
Nonoperating Activities			
Credit losses expense adjustment	60,000	-	60,000
Change in Net Assets	(3,848,641)	260,010	(3,588,631)
Net Assets , beginning of year	10,167,472	973,233	11,140,705
Net Assets , end of year	\$ 6,318,831	\$ 1,233,243	\$ 7,552,074

See accompanying notes.

UNITED STATES OF CARE CAMPAIGN

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services				Supporting Services				
	Innovation Lab	Policy and External Affairs	Communi- cations	Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 658,874	\$ 1,086,195	\$ 589,266	\$ 125,084	\$ 2,459,419	\$ 854,588	\$ 602,676	\$ 1,457,264	\$ 3,916,683
Professional services	1,487,186	524,419	254,495	97,763	2,363,863	171,838	229,617	401,455	2,765,318
Travel and meetings	25,719	32,705	4,976	119,024	182,424	19,950	18,410	38,360	220,784
Dues and subscriptions	9,131	19,703	18,264	1,972	49,070	7,779	33,192	40,971	90,041
Office expenses	9,525	16,639	13,124	3,750	43,038	12,480	9,005	21,485	64,523
Occupancy	2,172	6,336	4,752	1,375	14,635	2,390	1,877	4,267	18,902
Other expenses	8,166	4,759	1,944	29,877	44,746	2,352	1,673	4,025	48,771
Total Expenses	<u>\$ 2,200,773</u>	<u>\$ 1,690,756</u>	<u>\$ 886,821</u>	<u>\$ 378,845</u>	<u>\$ 5,157,195</u>	<u>\$ 1,071,377</u>	<u>\$ 896,450</u>	<u>\$ 1,967,827</u>	<u>\$ 7,125,022</u>

See accompanying notes.

UNITED STATES OF CARE CAMPAIGN

Statement of Cash Flows

Year Ended December 31, 2023

Cash Flows from Operating Activities

Change in net assets	\$ (3,588,631)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	22,242
Change in present value discount	(9,320)
Realized and unrealized gain on investments	(86,026)
Change in operating assets and liabilities:	
Accounts receivable	(37,500)
Contributions receivable	1,537
Due from affiliate	55,311
Prepaid expenses	8,727
Accounts payable and accrued expenses	<u>(30,547)</u>
Net cash used in operating activities	<u>(3,664,207)</u>

Cash Flows from Investing Activities

Sales of investments	415,662
Purchases of investments	(624,320)
Purchases of property and equipment	<u>(35,000)</u>
Net cash used in investing activities	<u>(243,658)</u>

Net Decrease in Cash	(3,907,865)
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Cash, beginning of year	<u>5,182,550</u>
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Cash, end of year	<u><u>\$ 1,274,685</u></u>
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UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2023

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, 2023, the Organization had \$50,000 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, equity funds, 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 is 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, 2023

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, 2023.

Revenue Recognition

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 refundable advances related to conditional contributions at December 31, 2023. The Organization had \$923,904 of unrecognized conditional awards at December 31, 2023.

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, 2023

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 salaries and benefits, professional services, travel and meetings, dues and subscriptions, office expenses, occupancy, and other expenses.

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.

Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB Accounting Standards Codification (ASC) Topic 326 were trade accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

3. 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. Amounts in excess of the insured limits are at risk for potential loss. 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.

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2023

3. Concentrations and Contingencies (continued)

Revenue from two sources accounted for approximately 81% of the Organization's revenue and support for the year ended December 31, 2023. Additionally, receivables due from two sources comprised 92% of the total contributions receivable at December 31, 2023.

4. Contributions Receivable

Contributions receivable are comprised of unconditional promises to give and are receivable as follows on December 31, 2023:

Receivable within one year	\$ 463,463
Receivable in one to five years	<u>500,000</u>
Total contributions receivable	963,463
Less: allowance for doubtful accounts	(50,000)
Less: unamortized discount	<u>(22,853)</u>
Contributions receivable, net	<u><u>\$ 890,610</u></u>

Multi-year contributions are discounted to their present value with discount rates ranging from 1.39% to 1.58% over the period of the contributions using an estimate of expected cash flows.

5. Investments

Investments consist of the following at December 31, 2023:

Bond funds	\$ 4,231,732
Equity funds	892,032
Exchange traded funds	77,839
Short-term funds	<u>5,161</u>
Total investments	<u><u>\$ 5,206,764</u></u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2023

6. 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, 2023:

	Level 1	Total
Bond funds	\$ 4,231,732	\$ 4,231,732
Equity funds	892,032	892,032
Exchange traded funds	77,839	77,839
Short-term funds	5,161	5,161
Total investments	<u>\$ 5,206,764</u>	<u>\$ 5,206,764</u>

7. Property and Equipment

The Organization held the following property and equipment at December 31, 2023:

Computer and software	\$ 99,637
Furniture and equipment	<u>3,097</u>
Total property and equipment	102,734
Less: accumulated depreciation	<u>(66,700)</u>
Property and equipment, net	<u>\$ 36,034</u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2023

8. Donated services

The following table summarizes the Organization's donated services by major category for the year ended December 31, 2023:

Donated services	Amount	Usage in Programs/ Activities	Fair Value Techniques and Inputs
			Standard rates of the donating firm for services.
Consulting Services	\$ 1,296,615	Innovation Lab	
Total donated services	<u>\$ 1,296,615</u>		

There were no donor restrictions on the use of donated services and no donated services were monetized in the year ended December 31, 2023.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2023:

Subject to passage of time	\$ 627,147
Subject to expenditures for specific purposes:	
New public option	<u>606,096</u>
Total net assets with donor restrictions	<u>\$ 1,233,243</u>

During the year ended December 31, 2023, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions	\$ 340,681
Satisfaction of purpose restrictions:	
New public option	570,000
Value based care	374,998
Diversity, equity and inclusion work	<u>5,405</u>
Total net assets released from donor restrictions	<u>\$ 1,291,084</u>

UNITED STATES OF CARE CAMPAIGN

Notes to Financial Statements

December 31, 2023

10. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2023, 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	\$ 1,274,685
Contributions receivable within one year	463,463
Accounts receivable, net	37,500
Investments – short-term	<u>972,062</u>
Total financial assets	2,747,710
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions on the financial assets	<u>(1,233,243)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,514,467</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. In addition, the Organization has long-term investments at December 31, 2023 of approximately \$4.2 million which may be utilized should the need arise.

11. 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 \$412,989 of expenses to the Action Fund and the Action Fund paid \$468,300 to the Organization during the year ended December 31, 2023. At December 31, 2023, the amount due from the Action Fund was \$114,268 and is included in due from affiliate on the accompanying statement of financial position.

12. 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 \$187,018 to the Plan during the year ended December 31, 2023 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, 2023

13. 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, 2023, 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, 2023 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.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 23, 2024, 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.