

UNITED HEALTH FOUNDATION

Financial Statements as of and for the
Years Ended December 31, 2023 and 2022
and Independent Auditors' Report

UNITED HEALTH FOUNDATION

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Independent Auditors' Report

To the Board of Directors of
United Health Foundation

Opinion

We have audited the financial statements of United Health Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Baker Tilly US, LLP

Minneapolis, Minnesota
June 13, 2024

UNITED HEALTH FOUNDATION
Statements of Financial Position

(in thousands)	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,641	\$ 5,869
Contribution receivable - UnitedHealth Group	55,000	51,500
Related party receivable, net	1	—
Total current assets	<u>62,642</u>	<u>57,369</u>
Long-term assets:		
Contribution receivable - UnitedHealth Group	71,539	125,936
Total assets	<u><u>\$ 134,181</u></u>	<u><u>\$ 183,305</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6	\$ 77
Grants payable short-term	5,014	5,040
Total current liabilities	<u>5,020</u>	<u>5,117</u>
Net assets:		
Without donor restrictions	2,622	752
With donor restrictions:		
Contribution receivable - UnitedHealth Group	126,539	177,436
Total with donor restrictions	<u>126,539</u>	<u>177,436</u>
Total net assets	<u>129,161</u>	<u>178,188</u>
Total liabilities and net assets	<u><u>\$ 134,181</u></u>	<u><u>\$ 183,305</u></u>

See Notes to the Financial Statements

UNITED HEALTH FOUNDATION
Statements of Activities

(in thousands)	For the Years Ended December 31,	
	2023	2022
Net assets without donor restrictions		
Revenues and support		
Contributions - in-kind	\$ 2,674	\$ 2,851
Investment income, net	386	114
Net assets released from restrictions	51,500	48,000
Total revenues and support	<u>54,560</u>	<u>50,965</u>
Expenses		
Program grants and services		
America's Health Rankings®	5,265	4,770
Transforming Health with Communities	9,299	9,887
Future Health Workforce	2,311	4,696
Improving Community Well-Being	28,162	28,233
Diversity in Health Care Scholarship	7,057	1,349
Total program grants and services	<u>52,094</u>	<u>48,935</u>
General and administrative	596	669
Total expenses	<u>52,690</u>	<u>49,604</u>
Increase in net assets without donor restrictions	1,870	1,361
Net assets with donor restrictions		
Contributions - UnitedHealth Group	603	14,621
Net assets released from restrictions	(51,500)	(48,000)
Decrease in net assets with donor restrictions	<u>(50,897)</u>	<u>(33,379)</u>
Decrease in net assets	(49,027)	(32,018)
Net assets, beginning of year	<u>178,188</u>	<u>210,206</u>
Net assets, end of year	<u>\$ 129,161</u>	<u>\$ 178,188</u>

See Notes to the Financial Statements

UNITED HEALTH FOUNDATION
Statements of Cash Flows

(in thousands)	For the Years Ended December 31,	
	2023	2022
Operating activities		
Decrease in net assets	\$ (49,027)	\$ (32,018)
Changes in assets and liabilities:		
Contribution receivable - UnitedHealth Group	50,897	33,379
Accounts payable and accrued expenses	(71)	(254)
Related party receivable/payable, net	(1)	(21)
Grants payable short-term	(36)	(476)
Cash flows from operating activities	1,762	610
Financing activities		
Change in outstanding checks	10	1
Cash flows from financing activities	10	1
Increase in cash and cash equivalents	1,772	611
Cash and cash equivalents, beginning of year	5,869	5,258
Cash and cash equivalents, end of year	\$ 7,641	\$ 5,869

See Notes to the Financial Statements

UNITED HEALTH FOUNDATION

Notes to the Financial Statements

1. Description of Organization

United Health Foundation (“the Foundation”) is a Minnesota nonprofit corporation formed in 1999 by UnitedHealth Group Incorporated (“UHG”), the Foundation’s sole member. The Foundation operates through receiving donations of facilities and employee time from UHG, and its changes in net assets or financial position could be different from those that would have been obtained if the organization were autonomous. Through collaboration with community partnerships, grants and outreach efforts, the Foundation works to improve the health system, build a diverse and dynamic health workforce and enhance the well-being of local communities.

2. Basis of Presentation, Use of Estimates, and Significant Accounting Policies

Basis of Presentation

These Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Assets

The Foundation segregates its net assets into the following categories according to the existence or absence of donor-imposed or other restrictions:

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are known as those without donor restrictions.

With Donor Restrictions

Net assets subject to donor-imposed stipulations that will be met by action of the Foundation and/or passage of time are known as those with donor restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. The Foundation has no net assets with permanent donor restrictions.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less. Cash balances periodically exceed federally insured limits and are subject to the usual banking risk of funds in excess of those limits.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. However, if a restriction is fulfilled in

the same time period in which the contribution is received, the Foundation reports the contribution as net assets without donor restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or release from future obligations - are not recognized until the conditions on which they depend have been met. Current contributions receivable are expected to be collected during the next year and are recorded at net realizable value. Long term contributions receivable are recorded at net present value.

Tax Status

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is generally not subject to income taxes. The Foundation is subject to a 1% to 2% excise tax on investment income.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation for uncertain tax positions as of December 31, 2023 and 2022. The Foundation's tax returns are subject to review and examination by federal and state authorities.

Recently Adopted Accounting Standard

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments, which requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The Foundation adopted ASU 2016-13 and its related ASUs (collectively referred to as Topic 326) , effective January 1, 2023, using a modified retrospective transition approach. The Foundation's financial assets primarily consist of contributions receivable, which are out of scope of the guidance under Topic 326. As a result, management determined that there was no material impact of the adoption on the Foundation's balance sheet.

3. Liquidity and Availability

Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The following table reflects the Foundation's financial assets as of December 31, reduced by amounts not available for general expenditures within one year.

(in thousands)	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 7,641	\$ 5,869
Contributions receivable - UnitedHealth Group	126,539	177,436
Related party receivable, net	1	—
Total financial assets, end of period	134,181	183,305
Less those unavailable for general expenditure within one year:		
Contributions receivable - UnitedHealth Group	71,539	125,936
Financial assets available to meet cash needs for general purposes within one year	\$ 62,642	\$ 57,369

As of December 31, 2023 and 2022, the Foundation had liquid assets on hand to cover at least a full year of general and administrative expenses. As part of its liquidity management, the Foundation will only fund grant commitments when sufficient cash has been transferred from UHG to the Foundation.

4. Fair Value of Financial Instruments

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Represents inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 – Assets include investments in cash equivalents, consisting of money market funds, for which quoted prices are readily available.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of December 31, 2023 and 2022 based upon the three-tier hierarchy:

(in thousands)	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2023				
Cash and cash equivalents	\$ 7,641	\$ —	\$ —	\$ 7,641
Total assets at fair value	<u>\$ 7,641</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,641</u>
December 31, 2022				
Cash and cash equivalents	\$ 5,869	\$ —	\$ —	\$ 5,869
Total assets at fair value	<u>\$ 5,869</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,869</u>

5. Contributions and Contributions Receivable

In 2022, UHG made a \$15 million contribution, expected to be collected in 2026. Using the 5-year treasury yield curve rate of 3.01% as of June 30, 2022, the \$15 million contribution was discounted by \$1 million for amounts due in greater than one year. In 2020, UHG made three contributions of \$25 million, \$10 million, and \$250 million, of which \$25 million was received in cash in 2020, \$48 million in 2021, \$48 million in 2022, \$51.5 million in 2023, with the remainder expected to be collected in 2024 through 2025. Using the 3-year treasury yield curve rate of 0.17% as of December 31, 2020, the \$250 million contribution was discounted by \$1 million for amounts due in greater than one year. Total discount accretion of \$603 thousand and \$898 thousand was recognized as contribution revenue in 2023 and 2022, respectively, related to discounts recorded in previous years.

In 2023 and 2022, all of the Foundation's contributions were received from UHG and its affiliates. If UHG and its affiliates did not contribute to the Foundation, there could be potential negative impacts on the Foundation's operations.

The Foundation's contribution receivable and related discount are detailed in the table below. The Foundation anticipates collection of outstanding contributions receivable as follows at December 31, 2023 and 2022:

(in thousands)	2023	2022
Less than 1 year	\$ 55,000	\$ 51,500
1 to 5 years	72,500	127,500
Total contribution receivable	127,500	179,000
Discount	(961)	(1,564)
Total contribution receivable, net	<u>\$ 126,539</u>	<u>\$ 177,436</u>

6. Expenses

For the year ended December 31, 2023, the Foundation incurred the following expenses:

(in thousands)	America's Health Rankings®	Transforming Health with Communities	Future Health Workforce	Improving Community Well-Being	Diversity in Health Care Scholarship	General and Administrative	Total
Charitable contributions	\$ 41	\$ 8,780	\$ 2,106	\$ 27,772	\$ 6,252	\$ —	\$ 44,951
Printing and marketing	296	77	88	—	67	2	530
Legal, consulting, and audit	4,334	—	—	—	1	105	4,440
Payroll expense	546	423	113	390	721	419	2,612
Miscellaneous	48	19	4	—	16	70	157
	<u>\$ 5,265</u>	<u>\$ 9,299</u>	<u>\$ 2,311</u>	<u>\$ 28,162</u>	<u>\$ 7,057</u>	<u>\$ 596</u>	<u>\$ 52,690</u>

For the year ended December 31, 2022, the Foundation incurred the following expenses:

(in thousands)	America's Health Rankings®	Transforming Health with Communities	Future Health Workforce	Improving Community Well-Being	Diversity in Health Care Scholarship	General and Administrative	Total
Charitable contributions	\$ 42	\$ 9,521	\$ 4,498	\$ 27,688	\$ 617	\$ —	\$ 42,366
Printing and marketing	150	25	—	—	73	—	248
Legal, consulting, and audit	3,924	—	—	—	47	104	4,075
Payroll expense	626	339	195	545	612	488	2,805
Miscellaneous	28	2	3	—	—	77	110
	<u>\$ 4,770</u>	<u>\$ 9,887</u>	<u>\$ 4,696</u>	<u>\$ 28,233</u>	<u>\$ 1,349</u>	<u>\$ 669</u>	<u>\$ 49,604</u>

Program activities during 2023 and 2022 principally included the following:

America's Health Rankings®

The Foundation conducts the America's Health Rankings®, which is a state-by-state analysis of the nation's health. America's Health Rankings® has served as a call to action for healthier people and their communities for 30 years, and has grown to include reports that examine the health of seniors aged 65+, women and children, and those who have served in the U.S. Armed Forces.

Transforming Health with Communities

The Foundation is committed to sourcing, developing and supporting innovative and evidence-based ideas that will help the health system work better. To do this, we identify meaningful partners and initiatives that we believe have the potential to lead to improved access to care, better health outcomes, and healthier communities, and are scalable.

Future Health Workforce (including legacy Diverse Scholars Initiative)

Workforce investments focus on promoting equity and diversity in the health workforce, improving existing capacity, investing in future workforce needs, improving access to primary care; and enhancing the provider experience. As part of this initiative, we support hundreds of United Health Foundation Diverse Scholars who are working to attain their higher education goals and eventually will start careers in the health industry. These students who often come from lower-income multicultural backgrounds will increase the number of qualified, yet underrepresented, health care professionals entering the workforce.

Improving Community Well-Being

This initiative supports the Foundation's commitment to the needs of the communities where we live and work. Through this initiative we support the causes our employees are passionate about by providing a 1:1 match for employee donations to nearly all charitable organizations. By investing in our communities, we demonstrate our commitment to make a positive impact around the world.

Diversity in Health Care Scholarship (Previously Health Equity Workforce)

The Foundation is committed to helping build a racially and ethnically diverse health workforce. Through philanthropic programs and partnerships, the funding will provide scholarships and support to underrepresented future clinicians and upskilling health professionals to help in obtaining academic degrees or other professional credentials for clinical careers in medicine, nursing, midwifery, mental health and other specialties.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation 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 benefits, which are allocated on the basis of estimates of time and effort.

7. Grants Payable

The Foundation has unconditional commitments to grant funds to various not-for-profit organizations as of December 31:

(in thousands)	2023	2022
Less than 1 year	\$ 75	\$ 65
Unconditional grants payable	75	65
Matching contributions payable	4,939	4,975
Total grants payable	<u>\$ 5,014</u>	<u>\$ 5,040</u>

The Foundation has made conditional commitments to not-for-profit organizations in the amount of \$72 million. The balance on these conditional commitments was \$29 million at December 31, 2023. This amount has been excluded from grants payable above as the payments are conditional upon the not-for-profits achieving certain performance targets as noted in the grant agreements.

8. Transactions with Related Parties

Transactions with related parties, other than contributions received from UHG and/or its affiliates, as disclosed in Note 5, are described below.

The Foundation utilizes UHG employees to provide certain legal, financial, and professional services. The estimated value of these services was approximately \$2,612 thousand in 2023 and \$2,805 thousand in 2022. Additionally, the Foundation occupies space at the UHG corporate offices in Minnesota and Washington, DC. The estimated value of this space was approximately \$62 thousand and \$46 thousand in 2023 and 2022, respectively. Salary and rent amounts are recorded as contributions. Salary expense is allocated to the specific program that it benefits, with rent being recorded as general and administrative expense in the accompanying Statements of Activities. These contributed services are contributed without donor-imposed restrictions and are reported at the estimated fair value.

9. Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to June 13, 2024, the date that these financial statements were available to be issued.