

# UNITED HEALTH FOUNDATION

Financial Statements as of and for the  
Years Ended December 31, 2022 and 2021  
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, 2022 and 2021, 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, 2022 and 2021, 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 the 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 15, 2023

**UNITED HEALTH FOUNDATION**  
**Statements of Financial Position**

<b>(in thousands)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,869	\$ 5,258
Contribution receivable - UnitedHealth Group	51,500	62,000
Total current assets	<u>57,369</u>	<u>67,258</u>
Long-term assets:		
Contribution receivable - UnitedHealth Group	125,936	148,815
<b>Total assets</b>	<u><u>\$ 183,305</u></u>	<u><u>\$ 216,073</u></u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 77	\$ 331
Related party payable, net	—	21
Grants payable short-term	5,040	5,515
Total current liabilities	<u>5,117</u>	<u>5,867</u>
Net assets:		
Without donor restrictions	752	(609)
With donor restrictions:		
Contribution receivable - UnitedHealth Group	177,436	210,815
Total with donor restrictions	<u>177,436</u>	<u>210,815</u>
Total net assets	<u>178,188</u>	<u>210,206</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 183,305</u></u>	<u><u>\$ 216,073</u></u>

See Notes to the Financial Statements

**UNITED HEALTH FOUNDATION**  
**Statements of Activities**

(in thousands)	For the Years Ended December 31,	
	2022	2021
<b>Net assets without donor restrictions</b>		
<b>Revenues and support</b>		
Contributions - in-kind	\$ 2,851	\$ 2,866
Investment income, net	114	2
Net assets released from restrictions	48,000	48,064
Total revenues and support	50,965	50,932
<b>Expenses</b>		
Program grants and services		
America's Health Rankings®	4,770	4,363
Transforming Health with Communities	9,887	11,405
Future Health Workforce	4,696	6,208
Improving Community Well-Being	28,233	27,740
Health Equity Workforce	1,349	—
Total program grants and services	48,935	49,716
General and administrative	669	669
Total expenses	49,604	50,385
Increase in net assets without donor restrictions	1,361	547
<b>Net assets with donor restrictions</b>		
Contributions - UnitedHealth Group	14,621	85
Net assets released from restrictions	(48,000)	(48,064)
Decrease in net assets with donor restrictions	(33,379)	(47,979)
Decrease in net assets	(32,018)	(47,432)
<b>Net assets, beginning of year</b>	210,206	257,638
<b>Net assets, end of year</b>	<b>\$ 178,188</b>	<b>\$ 210,206</b>

See Notes to the Financial Statements

**UNITED HEALTH FOUNDATION**  
**Statements of Cash Flows**

(in thousands)	For the Years Ended December 31,	
	2022	2021
<b>Operating activities</b>		
Decrease in net assets	\$ (32,018)	\$ (47,432)
Changes in assets and liabilities:		
Contribution receivable - UnitedHealth Group	33,379	47,915
Prepaid expenses	—	45
Accounts payable and accrued expenses	(254)	223
Related party payable, net	(21)	18
Grants payable short-term	(476)	291
Cash flows from operating activities	610	1,060
<b>Financing activities</b>		
Change in outstanding checks	1	(2,081)
Cash flows from (used for) financing activities	1	(2,081)
<b>Increase (decrease) in cash and cash equivalents</b>	611	(1,021)
<b>Cash and cash equivalents, beginning of year</b>	5,258	6,279
<b>Cash and cash equivalents, end of year</b>	\$ 5,869	\$ 5,258

See Notes to the Financial Statements

# UNITED HEALTH FOUNDATION

## Notes to the Financial Statements

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### **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, 2022 and 2021. The Foundation's tax returns are subject to review and examination by federal and state authorities.

### ***Recently Adopted Accounting Standard***

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU No. 2020-07). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Foundation adopted ASU 2020-07 retrospectively effective January 1, 2022. Contributed services are now reported as Contributions - in-kind in the Statements of Activities. Additional disclosures were also made in Footnote 8.

### ***Reclassification***

For comparability, certain 2021 amounts have been reclassified to conform with classifications adopted in 2022. The reclassification had no effect on previously reported net assets available for benefits.

## **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.

<b>(in thousands)</b>	<b>2022</b>	<b>2021</b>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 5,869	\$ 5,258
Contributions receivable - UnitedHealth Group	177,436	210,815
<b>Total financial assets, end of period</b>	<b>183,305</b>	<b>216,073</b>
<b>Less those unavailable for general expenditure within one year:</b>		
Contributions receivable - UnitedHealth Group	125,936	148,985
<b>Financial assets available to meet cash needs for general purposes within one year</b>	<b>\$ 57,369</b>	<b>\$ 67,088</b>

As of December 31, 2022 and 2021, 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, 2022 and 2021 based upon the three-tier hierarchy:

<b>(in thousands)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>December 31, 2022</b>				
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>
<b>December 31, 2021</b>				
Cash and cash equivalents	\$ 5,258	\$ —	\$ —	\$ 5,258
Total assets at fair value	<u>\$ 5,258</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,258</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, with the remainder expected to be collected in 2023 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. Discount accretion of \$898 thousand and \$85 thousand was recognized as contribution revenue in 2022 and 2021, respectively, related to discounts recorded in previous years.

In 2022 and 2021, 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, 2021 and 2020:

<b>(in thousands)</b>	<b>2022</b>	<b>2021</b>
Less than 1 year	\$ 51,500	\$ 62,000
1 to 5 years	127,500	150,000
Total contribution receivable	179,000	212,000
Discount	(1,564)	(1,185)
Total contribution receivable, net	<u>\$ 177,436</u>	<u>\$ 210,815</u>

## 6. Expenses

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

<b>(in thousands)</b>	<b>America's Health Rankings®</b>	<b>Transforming Health with Communities</b>	<b>Future Health Workforce</b>	<b>Improving Community Well-Being</b>	<b>Health Equity Workforce</b>	<b>General and Administrative</b>	<b>Total</b>
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>

For the year ended December 31, 2021, the Foundation incurred the following expenses:

(in thousands)	America's Health Rankings®	Transforming Health with Communities	Future Health Workforce	Improving Community Well-Being	General and Administrative	Total
Charitable contributions	\$ 41	\$ 10,791	\$ 5,705	\$ 27,155	\$ —	\$ 43,692
Printing and marketing	210	204	13	—	—	427
Legal, consulting, and audit	3,265	—	31	—	71	3,367
Payroll expense	838	410	437	584	476	2,745
Miscellaneous	9	—	22	1	122	154
	<u>\$ 4,363</u>	<u>\$ 11,405</u>	<u>\$ 6,208</u>	<u>\$ 27,740</u>	<u>\$ 669</u>	<u>\$ 50,385</u>

Program activities during 2022 and 2021 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.

*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:

<b>(in thousands)</b>	<b>2022</b>	<b>2021</b>
Less than 1 year	\$ 65	\$ 64
Unconditional grants payable	65	64
Matching contributions payable	4,975	5,451
Total grants payable	\$ 5,040	\$ 5,515

The Foundation has made conditional commitments to not-for-profit organizations in the amount of \$80 million. The balance on these conditional commitments was \$24 million at December 31, 2022. 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 agreement.

## 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 \$2,805 thousand in 2022 and \$2,744 thousand in 2021. Additionally, the Foundation occupies space at the UHG corporate offices in Minnesota and Washington, DC. The estimated value of this space was approximately \$46 thousand and \$122 thousand in 2022 and 2021, 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 15, 2023, the date that these financial statements were available to be issued.