Mother Cabrini

HEALTH FOUNDATION

2019 Financial and Tax discussion – Q&A

TAX Q&A

Is there anything different on the 2019 tax form?

- This tax return represents the first full year of operations.
- This return reflects our efforts to improve the health of New Yorkers through funding of organizations throughout the state. The organizations we funded are publicly supported charities as defined by the Internal Revenue Code and have received restricted contributions with specific deliverables and obligations (990-PF page 50).
- The schedules now include details on investments, professional fees, compensation and other required disclosures.

2019 Financial and Tax discussion – Q&A

Why do you file a 990PF and not a regular 990 like other charities?

- We are classified as a Private Foundation and do not meet the definition of a public supported charity.
- Additionally, we are subject to an excise tax on our net investment returns. The excise tax in 2019 was $394,755 with an additional $1.6 million credited to the 2020 estimated tax.

How much was required to be distributed in 2019?

- Generally, private foundations are required to distribute 5% of their assets each year to fulfill regulatory requirements (IRS section 4942).
- On page 8, part XI, line 7 provides that $155.6 million must be distributed (net of actual 2019 disbursements) within twelve months after 12/31/19.
- Total qualifying distributions in 2019 were $116 million, $86.4 million was applied to the 2018 requirement. As reported on Part XIII, line 4d the difference of $29.6 million is carried forward and applied to 2019 amount.

Mother Cabrini
HEALTH FOUNDATION

2019 Financial and Tax discussion – Q&A

Audited Financials

Net investment gain is $355.9 million on the audited financials and a positive $47.9 million gain on the 990PF, why are they different?

- Audited financials are subject to U.S. Generally Accepted Accounting Principles (GAAP) and require the accrual of unrealized gains and losses.
- Generally, the Internal Revenue Code recognizes realized (cash) and defers unrealized (accrued) gains and losses. These gains are accumulated and taxed when sold or realized in future years.

2019 Financial and Tax discussion – Q&A

Are you expecting more contributions or transferred assets?

- It is not our intention to solicit additional contributions to support our mission.
- As disclosed in the prior year financials, we anticipated amounts in note 5 of the 2018 audited financials. The other assets were received and recognized on these financials as either cash or book value of the assets.
- We do not anticipate receiving further material contributions.

What is Deferred grant expense (note 2(h))?

- Generally, awards are restricted to specific health improvement activities that are subject to terms, conditions, and expectations.
- Accounting Standards Update (ASU 2018-08) clarifies the treatment of contributions (grants and awards) when they include specified meaningful barriers.
- Within the $116 million of distributed (paid) grants there were barriers on $13.6 million of payments that will be recognized as expense when the recipients meet the agreed upon measures. We anticipate recognition in 2020 for most of these conditional awards.