



Mother Cabrini

HEALTH FOUNDATION

2021 Financial and Tax discussion – Q&A

TAX Q&A

Is there anything different on the 2021 tax form?

- Substantial increases financial activities between 2020 and 2021.
 - Net investment income grew to \$471.8 million from \$121.3 million in 2020.
 - Total expenses and disbursements grew by \$36 million, with grants paid increasing by \$34 million.
- No other material changes, but the return provides facts on our continued 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).
- Same schedules as prior year that include details on investments, professional fees, compensation and other required disclosures.

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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 realized investment returns. The excise tax in 2021 was \$6 million with a carryover of \$712 thousand credited to the 2022 estimated tax.

How much was required to be distributed in 2021?

- Generally, private foundations are required to distribute 5% of their assets each year to fulfill regulatory requirements (IRC section 4942).
- On page 8, part X, line 7 provides that \$201.1 million must be distributed (net of actual 2021 disbursements) within twelve months after 12/31/21.
- Total qualifying distributions in 2021 were \$201.5 million, \$136.9 million was applied to the 2020 requirement. As reported on Part XIII, line 4d the difference of \$64.6 million was applied to 2021 amount, or amount that exceeded the minimum.

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Audited Financials

This year includes two years (2021 and 2020), why did this change this year.

- As noted last year, the Cash Flow statement was changed to be presented in a direct method of reporting, as such GAAP allows for a single year reporting with the transition for 2020. We will continue to provide two years for comparison purpose.
- For connections between the audited financials and the 990PF. The Cash Flows listed on the line Part 1, line 25(d) will continue to match Operating cash paid to Grants, \$181.3 million.

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Are you expecting more contributions or transferred assets?

- It is not our intention to solicit additional contributions to support our mission.
- 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 \$181.3 million of distributed (paid) grants there were barriers on \$9.9 million of payments that will be recognized as expense when the recipients meet the agreed upon measures. We anticipate recognition in 2022 for most of these conditional awards.