

The Health Foundation Fund, Inc.

2019 Annual Report

February 20, 2020

Background

The Health Foundation of Central Mass., Inc. (THFCM) retained the tax status of the CMHC when it converted from an HMO to a foundation in 1999. That tax status is as a 501 (c) (4) organization or social benefit organization, and as such, THFCM **cannot** receive charitable contributions. There were advantages to THFCM retaining the 501 (c) (4), such as the capacity to lobby, which private foundations do not have, and the capacity to approximate a 5% annual payout, rather than conform to a mandated 5% payout, as do private foundations.

There were occasional opportunities early on when THFCM was approached to receive charitable contributions. Thus, in order to accommodate charitable contributions, THFCM established in May 2000 a subsidiary 501 (c) (3) organization named The Health Foundation Fund, Inc. (the Fund). The purpose of the Fund is “to support the purpose and mission of its member, The Health Foundation of Central Mass., Inc...” Thus, THFCM is the sole member of the Fund, and as such THFCM elects the Fund’s Board, which has historically been THFCM’s Executive Committee and President.

Recent Fundraising Activities

The **Landlord-Tenant Guarantee Program Fund** was established and activated as a pilot in 2019 with \$25,000 by the City of Worcester in partnership with MassLandlords, Inc. and Central Massachusetts Housing Alliance and the Fund to determine if providing a guarantee to private property owners would reduce their perception of risk and agree to house the single adult chronic population, thereby helping to reduce the homeless population. This program was recommended in the City Manager’s Task Force for Sustaining Housing First Solutions’ report, which was issued and endorsed by the City Council in July 2018. THFCM had provided support services and funding for the hiring of a consultant to the Task Force. In addition, one individual has made a \$100 contribution to support the program. To date, no expenditures have been made.

The Fund also agreed in 2019 to serve *pro bono* as fiscal sponsor for **Worcester Homecoming**, a broad-based community-building coalition of Worcester-area organizations and residents working together to further Worcester’s renaissance by bringing expats back for an event to highlight Worcester’s dynamic growth and rich diversity and to stimulate investment opportunities for new and expanding businesses, housing development, recreational and cultural activities. THFCM awarded a grant to support the effort of \$25,000 in 2020 and \$25,000 in 2021. It is anticipated that the first event planned for the fall of 2021 will raise a target amount of \$450,000 from foundations, corporations, and area colleges/universities.

In 2015, the Board of the Fund established the **Health Care and Health Promotion Synergy Initiative Fund** as a restricted fund to receive contributions to support the Foundation’s Health Care and Health Promotion Synergy Initiative projects. Contributions to this fund may be designated to support specific projects currently being funded by THFCM or may be made as general support for future projects as determined by the Board. From 2016-2018, the Fund has received and expended \$89,000 to complement THFCM’s grants in support of Worcester HEARS, a project of the Worcester Public Schools to integrate trauma-sensitive routines and supports into the schools. With the announcement in early 2020 of four new Synergy Initiative projects, it is anticipated that this Fund might again prove useful.

When THFCM Board member Dr. John P. Gusha’s term ended in 2016, he designated his \$10,000 Marilyn E. Plue Director Recognition Award to **The Gusha Family Oral Health Fund**, which was created in 2008 as the Fund’s first donor-advised fund. In 2017, these Plue funds were gradually invested in Vanguard, along with

the unrestricted assets in the Fund. These restricted Plue funds have generated a net \$2,681 since that time for the Gusha Fund. In addition, in 2019 Ms. Ann Tripp designated \$5,000 of her Plue Award as unrestricted to the Fund.

During 2019, the Fund received a contribution from Dr. George Abraham totaling \$1,221. The Fund then expended the contribution to provide payments on his life insurance policy, which is owned by the Fund. The premiums for the policy on Dr. Yost's life are paid up through her age of 99.

Other unrestricted contributions made by current and former Directors of THFCM in 2019 totaled \$700.

Current Status of the Fund

In creating the Fund, THFCM made a grant of \$5,000 to it to provide resources that the Fund would need to comply with government required registrations. Over the years, the Fund has received charitable contributions to augment THFCM's grantmaking.

The Fund began 2019 with total net assets of \$203,989 and as of December 31, 2019, the total net assets were \$306,009 of which \$73,827 was unrestricted cash held in the general fund. In addition, the surrender value of the life insurance policies owned by the Fund was \$133,764 as of December 31, 2019.

THFCM Board made the decision in March 2016 to invest \$50,000 held by the Fund via dollar cost averaging over a 6-12 month period (with 60% going to Vanguard Total Stock Market Index Fund and 40% to Vanguard Total Bond Market Index Fund); since that time, these unrestricted investments generated a net \$17,640.

These preliminary figures were compiled from unaudited statements.

Our list of donors is proudly posted on the website.