

The Health Foundation Fund, Inc.

2022 Annual Report

February 16, 2023

Background

The Health Foundation of Central Mass., Inc. (THFCM) retained the tax status of Central Massachusetts Health Care, Inc. (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) status, 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. 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, and THFCM’s Officers and President automatically serve in those same positions for the Fund.

Updates on Fiscal Sponsorships

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. An unintended negative consequence of the eviction moratorium associated with the coronavirus pandemic is that potential private landlords’ concerns about the risk of housing the homeless have intensified, and they have been unwilling to participate in this program.

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 \$50,000 grant to support the effort, split into two payments of \$25,000 each in 2020 and 2021. THFCM’s early support helped build momentum for fundraising efforts. Due to the coronavirus pandemic planning and fundraising for the event were delayed, and the inaugural event was held June 8-10, 2022. The event was very successful, and THFCM received great publicity and recognition for its financial support and fiscal sponsorship. Dr. Shei introduced the panel on “Worcester Wins Together” regarding equitable economic opportunities in the region. In 2022, a total of \$162,500 in pledges was received in 2022. Expenses for operating activities and event planning totaled \$280,462 in 2022.

The leadership of Worcester Homecoming sought to establish its own charitable organization, and an application was submitted to the IRS in the fall of 2021. In May 2020, the leadership of Worcester Homecoming was notified that the Fund prefers to discontinue in the role of fiscal sponsor due to potential concerns about requests from private individuals/businesses represented on the leadership team to be compensated with charitable assets; the Fund has refused to make such payments. When THFCM announced its staff leadership transition plan on January 11, 2022, Worcester Homecoming leadership was notified. A plan to transition fiscal sponsorship from the Fund was developed, and the agreement was signed by Worcester Homecoming leadership. Per that agreement, the Foundation’s fiscal sponsorship ended on June 30, 2022. There were subsequent delays with the leadership of Worcester Homecoming identifying a suitable new fiscal sponsor and providing the necessary

documentation. In August 2022, Worcester Homecoming's cash assets of \$122,468 were transferred to the Worcester Regional Strategic Opportunities Foundation, the Worcester Regional Chamber of Commerce's 501 (c) (3) affiliate.

Highlights of Selected Activities

The Fund's 2021 Annual Report noted the pending contribution of approximately \$500,000 from the **Central Mass Independent Physicians Association (CMIPA) Foundation** following approval of its dissolution and the transfer of its remaining assets to the Fund. CMIPA was formed to support small, independent physician practices not long after CMHC, the nonprofit physician-initiated health plan, was sold with the proceeds going to create THFCM. The founding Chairman of the Board of THFCM, Dr. Wayne Glazier, also played instrumental roles with CMHC, the CMHC Foundation, and the respective Boards. So, when the dissolution of CMIPA and its affiliated foundation was occurring, Dr. Glazier was able to influence the decision to contribute the CMIPA Foundation's remaining assets to THFCM. At the time of the 2021 Annual Report, it was unclear whether the Massachusetts Attorney General would approve the transfer of the CMIPA Foundation's assets to THFCM, a 501 (c) (4), or to its 501 (c) (3) affiliate, the Fund. In May 2022, a court order approved the transfer of \$500,966.71 from the CMIPA Foundation to THFCM, so that gift is not reflected in the Fund's financials.

The Fund has been fortunate to own **life insurance policies** where the covered individuals have paid the premiums. Former Chairman of THFCM Board Dr. John P. Gusha created in 2008 **The Gusha Family Oral Health Fund**, the Fund's first donor-advised fund. The Fund owns a \$100,000 life insurance policy on Dr. Gusha, who has made charitable contributions to the Fund to fully fund the policy. In addition, Dr. Gusha designated his Plue Award be made to the Fund toward payment of the policy.

During 2022, the Fund received another annual contribution from Dr. George Abraham totaling \$1,221 which The Fund then expended toward the premium payment on his \$100,000 life insurance policy, which is owned by the Fund. Dr. Wayne Glazier has made contributions over the years that were used to pay the premiums towards a gift of life insurance of \$1,000,000. Currently this policy has a surrender value of around \$83,000 which ably covers the annual premium of \$5,638. In addition, the premiums for the \$100,000 gift of life insurance, owned by the Fund, on Dr. Jan Yost's life are paid up through her age of 99.

The Fund also received in 2022 a **Special Gift** of \$5,000 from Mr. Jason Rosenfeld, a former classmate of Dr. Shei's. Current THFCM Directors Mr. Alex Corrales, Dr. Dennis Dimitri, and Ms. Diane Gould, as well as Community Member Mr. Dan Ricciardi, contributed a total of \$650 to the Fund in response to the **year-end appeal**. (For reference, THFCM Directors and Community Members contributed a total of \$2,500 in 2021). In addition, the Fund received a \$100 gift in honor of Dr. Dimitri in recognition for his many years of excellent medical care. The list of donors is proudly posted on the website.

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 2022 with total net assets of \$548,704 and, as of **December 31, 2022, the total net assets were \$298,331** of which \$108,884 was unrestricted cash held in the general fund. In addition, the surrender value of the **life insurance policies** owned by the Fund was **\$141,425** as of December 31, 2022.

THFCM Board made the decision in March 2016 to invest \$60,000 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 investments **generated gains of \$31,795.60 and the value of the portfolio on December 31, was \$91,795.**

These preliminary figures were compiled from unaudited statements.