



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
ROSEWELL PARK ALLIANCE FOUNDATION

CONDITION:

DECEMBER 31, 2012

DATE OF REPORT:

JULY 16, 2013

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

CHONG KIM

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Shirin Emami
Acting Superintendent

November 3, 2015

Honorable Shirin Emami
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 30936 dated March 18, 2013 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Roswell Park Alliance Foundation, hereinafter referred to as “the Fund.” The Fund’s home office is located at Elm & Carlton Streets, Buffalo, NY 14263.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The examiner recommends that the board of directors, or a committee thereof, approve the purchases and sales of all investments, and note such approvals in the minutes. (See item 4 of this report)

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Fund's financial condition as presented in its financial statements contained in the December 31, 2012 filed annual statement. (See item 5 of this report)

The examiner's review of the Fund's treatment of annuitants did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Fund. (See item 6 of this report)

2. SCOPE OF EXAMINATION

This is the first examination of the Fund since it received its special permit in 2008 to reissue gift annuity agreements. This examination covers the period from October 7, 2008 through December 31, 2012. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2012 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2012 to determine whether the Fund's filed 2012 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations, or rules or which require explanation or description.

3. DESCRIPTION OF FUND

The Roswell Park Alliance Foundation (“Foundation”) is a not-for-profit corporation organized in March 1991 for the purpose of receiving and administering gifts and bequests made to benefit Roswell Park Cancer Institute, a National Cancer Institute designated comprehensive cancer center located in Buffalo, NY. Under the provisions of its by-laws, the Foundation is permitted to issue gift annuity agreements since 1997. The Foundation surrendered a special permit in 2002 and continued to issue annuities because the Fund’s annuity reserves were under \$500,000. A special permit was granted to the Foundation by the Department on October 6, 2008, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law. The operations related to the issuance, maintenance and settlement of annuity agreements are handled by the Fund. Harbridge Consulting Group, LLC performs the reserve calculations and prepares a certification of the Fund’s reserves in connection with the annual statements filed with the Department. HSBC Private Bank is the Fund’s custodian and investment manager.

The management of the Foundation and the Fund and all of its affairs and property are entrusted to a board of directors. The number of directors is limited to 24 regular voting trustees. As of December 31, 2012, the board consisted of 23 directors. The directors elect the Chair of the board, one or more vice chairs, Secretary, and Treasurer, and other officers with such powers and duties not inconsistent with the by-laws. The nomination and election procedures of the directors and their terms of office are set by the by-laws.

4. CORPORATE GOVERNANCE

The examiner requested the board of directors' minutes for the examination period that pertain to the Fund. The Fund indicated that the Foundation's board minutes do not contain any references to the review of the Fund's investments.

The examiner recommends that the board of directors, or a committee thereof, approve the purchases and sales of all investments, and note such approvals in the minutes.

5. SIGNIFICANT FINANCIAL INFORMATION

The following table indicates the Fund's financial growth (decline) during the period under review:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2012</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	\$ <u>1,146,859</u>	\$ <u>1,948,372</u>	\$ <u>801,513</u>
Liabilities	\$ <u>699,157</u>	\$ <u>1,438,341</u>	\$ <u>739,184</u>
Minimum required surplus	\$ 69,916	\$ 143,834	\$ 73,918
Unassigned funds (surplus)	<u>377,786</u>	<u>366,197</u>	<u>(11,589)</u>
Total surplus	\$ <u>447,702</u>	\$ <u>510,031</u>	\$ <u>62,329</u>
Total liabilities and surplus	\$ <u>1,146,859</u>	\$ <u>1,948,372</u>	\$ <u>801,513</u>

The increase in assets, liabilities and surplus reflects an increase in the total number of annuities in force. Annuities increased from 16 with annual payment amounts of \$123,823 as of December 31, 2008 to a total of 18 with annual payment amounts of \$185,437.44 as of December 31, 2012. In 2010, the Fund received a donation of \$1,000,000 from one annuitant which accounted for the increase in the Fund's admitted assets from \$1,111,733 to \$2,071,100 for the years 2009 and 2010, respectively.

The Fund's admitted assets, as of December 31, 2012, were mainly invested in bonds (62.83%) and common stocks (26.50%). All bonds held were investment grade.

6. TREATMENT OF ANNUITANTS

The examiner reviewed a sample of annuity files to determine whether the annuitants were treated fairly and in accordance with the provisions of the annuity agreements. The examination also consisted of a review of the various controls involved, a check of the accuracy of the computations and the tracing of accounting data to the books of account. Based upon the sample reviewed, no significant findings were noted.

7. SUMMARY AND CONCLUSIONS

Following is recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that the board of directors, or a committee thereof, approve the purchases and sales of all investments, and note such approvals in the minutes.	5

Respectfully submitted,

_____/s/
Chong Kim
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Chong Kim, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_____/s/
Chong Kim

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30936

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

CHONG KIM

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
ROSWELL PARK ALLIANCE FOUNDATION**

and to make a report to me in writing of the condition of said

FUND

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 18th day of March, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:



MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

