



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND, INC.

CONDITION:

JUNE 30, 2014

DATE OF REPORT:

APRIL 15, 2016

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EXAMINER:

MANISH GAJIWALA

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

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Andrew M. Cuomo  
Governor

Maria T. Vullo  
Superintendent

March 15, 2018

Honorable Maria T. Vullo  
Superintendent of Financial Services  
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31394, dated November 24, 2015, and annexed hereto, an examination has been made into the condition and affairs of the Young Men's Christian Association Retirement Fund, Inc., hereinafter referred to as "the Fund," at its home office located at 120 Broadway, 19<sup>th</sup> floor, New York, NY 10271.

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'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 June 30, 2014, filed statement. (See item 5 of this report)

The examiner's review of the Fund's treatment of participants did not reveal significant instances which deviated from the operating rules of the Fund. (See item 6 of this report)

## 2. SCOPE OF EXAMINATION

The prior examination was conducted as of June 30, 2009. This examination covers the period from July 1, 2009, through June 30, 2014. As necessary, the examiner reviewed transactions occurring subsequent to June 30, 2014, but prior to the date of this report (i.e., the completion date of the examination).

The examination was comprised of a verification of assets and liabilities as of June 30, 2014, to determine whether the Fund's filed 2014 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification and utilized examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

- History of the Fund
- Management
- Governance
- Growth of the Fund
- Accounts and records
- Financial statements
- Member benefits

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

#### A. History

The Fund was incorporated on May 2, 1921, by a special act of the legislature as a not-for-profit corporation organized under the laws of the State of New York with a status of a religious, educational or benevolent corporation and is sponsored by the National Councils of the Young Men's Christian Association of the United States of America and Canada. The board of trustees of the Fund established the Retirement Plan on July 1, 1922, and the Savings and Security Plan on July 1, 1937.

The Fund's original purpose was to benefit those who had been employed officers of any Young Men's Christian Association ("YMCA") upon their retirement. On March 22, 1934, Chapter 74 of the Laws of New York was amended whereby the Fund would benefit anyone who had been an employed officer or an employee of a YMCA. The Fund has been operating on a contributory basis, wherein both the individual and the participating YMCA contribute toward the Retirement Plan.

Prior to July 1, 1989, the Fund operated two plans: the Savings and Security Plan for service and clerical personnel, and the Retirement Plan for administrative and program personnel. On July 1, 1989, the two plans were combined and the survivor was the Retirement Plan. The Fund also sponsors a Tax-Deferred Savings Plan.

In 2004, U.S. Public Law 108-476 specifically designated the plans of the Fund as church plans. The Fund's Retirement Plan is a defined contribution, money purchase, church pension plan, and the Tax-Deferred Savings Plan is a defined contribution, church retirement income account plan. The Plans' status as church plans was confirmed by an act of Congress signed by the President on December 21, 2004.

## B. Management

The management of the Fund is vested in a board of trustees consisting of 16 persons eligible for active or voting membership in the YMCA. Not more than five of the trustees must be officers employed by a YMCA. Beneficiaries of the Fund who are receiving retirement allowances or other benefits are ineligible to serve on the board.

An annual meeting of Participants is held for the election of trustees and for voting in matters announced in the notice of the meeting or presented by the Governance Committee. At each annual meeting of Participants, one-fourth of the trustees are elected by ballot for a period of four years, and such other trustees, as may be necessary to fill vacancies, may also be elected. The board of trustees is empowered to fill vacancies created by resignation, death, removal by the board of trustees for cause, or inability to serve of any member of the board of trustees until the next annual meeting of Participants. Each participating YMCA, through its authorized representative, is entitled to one vote for each participant of record on the first day of the month in which the annual meeting is held.

The board of trustees has the power necessary to accumulate, manage and dispose of funds entrusted to it by the laws under which the Fund has been incorporated. It also determines the time and place of the annual meetings of Participants and provides at least 30 days' notice thereof to all Participants.

The members of the board of trustees serve without compensation but may be reimbursed for necessary expenses incurred in the service of the board. The regular meetings of the board of trustees are held quarterly or as may be called by the Chairperson or the board. A majority of the entire board, present in person, shall constitute a quorum.

The 16 board members and their principal business affiliation, as of June 30, 2014, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Kristianne Blake Spokane, WA	President Kristianne Gates Blake, PS accounting firm	2011
John A. Clymer Hudson, WI	Office of Strategy Management Marvin Companies	2001
Daniel L. Cooper Los Angeles, CA	Executive Vice President and Chief Financial Officer YMCA of Metropolitan Los Angeles	2014



<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Denise L. Day Kennett Square, PA	President and Chief Executive Officer YMCA of Brandywine, Pennsylvania	2012
Elizabeth T. Frank Naples, FL	Retired Senior Vice President Lazard Freres Asset Management of New York	1999
Carmelita Gallo Dallas, TX	Senior Vice President and Chief Operating Officer YMCA Metropolitan Dallas	2009
Carlos Gonzalez Red Hook, NY	Director of Client Asset Management Oriental Group of Puerto Rico	2003
William A. Holby Atlanta, GA	Partner King & Spalding LLP	2004
Jurji Z. Kushner Fairport, NY	Retired Vice President and Corporate Controller Bausch & Lomb	2013
D. Scott Luttrell Dallas, TX	Chief Executive Officer and Chief Investment Officer LCM Group, Inc.	2013
Robert T. Lutts Salem, MA	President and Chief Investment Officer Cabot Wealth Management, Inc.	2012
Eric K. Mann Jacksonville, FL	President and Chief Executive Officer YMCA of Florida's First Coast	2007
Georganne F. Perkins San Carlos, CA	Managing Director Fisher Lynch Capital	2006
William D. Rueckert Southport, CT	President Oyster Management Group, LLC.	2014
Andrew A. Roberts Dublin, OH	President YMCA of Central Ohio	2014
G. Rainey Williams, Jr. Oklahoma City, OK	President Marco Holding Corporation.	1999

In November 2014, Mark Baumgartner, Barbara A. Bettin, Stephen A. Ives and David M. Martin were elected to the board of trustees. In December 2014, John A. Clymer, Elizabeth T. Frank and G. Rainey Williams, Jr. completed their final term on the board of trustees, and Kristianne Blake and Andrew A. Roberts resigned from the board. In November 2015, Angela

Brock-Kyle and Joseph R. Weist were elected to the board. In December 2015, Daniel L. Cooper resigned from the Board and Carlos Gonzalez completed his final term on the board.

The examiner's review of the minutes of the meetings of the board of trustees and its committees indicated that meetings were well attended and that each trustee attended a majority of meetings.

The following is a listing of the principal officers of the Fund as of June 30, 2014:

<u>Name</u>	<u>Title</u>
G. Rainey Williams, Jr.	Chairman of the Board
John M. Preis	President and Chief Executive Officer
Vincent M. De Sio	Chief Financial Officer
Hunter S. Reisner	Chief Investment Officer
Vanessa A. Boulous	Chief Operations Officer, External
Elliott C. Buchholz	Chief Operations Officer, Internal
James G. Kirschner	Chief Strategy Officer
John Quinones	General Counsel

#### C. Benefits

The operations of the Fund are divided into two major plans: the Retirement Plan and the Tax-Deferred Savings Plan.

##### The Retirement Plan

The Retirement Plan is a defined contribution, money purchase, church pension plan under which contributions plus interest credits are accumulated in individual accounts to provide benefits to eligible employees when they retire or terminate their YMCA employment for any reason. Benefits are paid if an employee becomes permanently and totally disabled, or if an employee dies while employed by a YMCA, and to former employees with a vested benefit.

##### The Tax-Deferred Savings Plan

The Tax-Deferred Savings Plan is a defined contribution, church retirement income account plan under which voluntary contributions plus interest credits are accumulated in individual accounts. Any employee of a participating YMCA can participate in the Tax-Deferred Savings Plan regardless of age or length of service, allowing the employee to build savings on a pre-tax basis through payroll deduction and/or rollover contributions.

#### 4. GROWTH OF THE FUND

Indicated below is significant information concerning the growth of the Fund during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Fund's financial growth during the period under review in 000's:

	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2014</u>	Increase (Decrease)
Assets	\$ <u>4,271,701</u>	\$ <u>6,530,614</u>	\$ <u>2,258,913</u>
Accumulated account balance and reserves	\$ 4,766,834	\$5,827,725	\$1,060,891
Liabilities	598,107	446,556	(151,551)
Fund (deficit) Surplus	<u>(1,093,240)</u>	<u>256,333</u>	<u>1,349,573</u>
Total liabilities and Net assets for benefits	\$ <u>4,271,701</u>	\$ <u>6,530,614</u>	\$ <u>2,258,913</u>

As of June 30, 2014, the Fund's invested assets were comprised of trusts (31%), alternative investments (23%), stocks (21%), cash and short-term investments (12%), bonds (7%) and securities lending (6%).

The following table indicates the changes in the Fund's membership during the period under examination:

	<u>Fiscal Year Ended June 30,</u>				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Active participants	49,924	51,455	52,005	52,835	53,871
Inactive participants	23,508	24,288	27,328	26,557	28,668
Retired participants and beneficiaries	<u>10,465</u>	<u>10,901</u>	<u>11,411</u>	<u>11,906</u>	<u>12,377</u>
Total	<u>83,897</u>	<u>86,644</u>	<u>90,744</u>	<u>91,298</u>	<u>94,916</u>

## 5. FINANCIAL STATEMENTS

The following statements show the Fund balance sheet as of June 30, 2014 as contained in the Fund's 2014 filed annual statement, and the statement of changes in Fund surplus (deficit) for the years ended June 30, 2014. 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 June 30, 2014 filed annual statement.

### A. STATEMENT OF ASSETS AND LIABILITIES FISCAL YEAR ENDED JUNE 30, 2014

#### ASSETS:

#### Investment and cash at fair value:

Cash and cash equivalents	\$ 803,317
Assets held under securities lending agreement	374,952
Domestic equities	416,194
Foreign equities	918,969
Government and agency bonds	289,025
Corporate bonds	146,940
Common/collective trusts:	
Domestic equities	1,317,038
Foreign equities	281,192
Fixed maturities	370,062
Commodities	34,932
Alternatives investments:	
Hedge fund of funds	648,808
Private equity	452,636
Real estate	233,464
Private energy	88,234
Distressed debt	80,713
Other investment assets	<u>2,408</u>
Total investments and cash	<u>\$6,458,884</u>
Amounts due from brokers	\$ 44,670
Investment income receivable	9,514
Other assets	<u>17,546</u>
Total assets	<u>\$6,530,614</u>

## LIABILITIES AND FUND SURPLUS:

## Investment liabilities:

Payable under securities lending agreement	\$ 380,879
Amounts due to brokers	52,352
Other investment liabilities	<u>2,637</u>

Total investment liabilities \$ 435,868

## Accumulated account balances and reserves:

Accumulated account balances of the Retirement Plan	\$3,191,721
Accumulated account balances of the Tax-Deferred Savings Plan	572,893
Liabilities for future annuity benefits	1,754,728
Death and disability benefit reserves	276,580
Participant dividends payable	<u>31,803</u>

Total accumulated account balance and reserves \$5,827,725

Other operating liabilities \$ 10,688

Total liabilities \$6,274,281

Fund surplus \$ 256,333

Total liabilities and fund surplus \$6,530,614

**B. STATEMENT OF OPERATIONS AND CHANGES IN FUND SURPLUS**  
**FISCAL YEARS ENDED JUNE 30, 2014**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>REVENUES:</b>					
Consideration given to purchase life annuities	\$ 160,021	\$ 155,274	\$ 165,566	\$ 175,307	\$ 159,808
Net investment income:					
Interest and dividends	78,871	73,729	73,177	79,729	68,923
Investment expenses	<u>(14,340)</u>	<u>(15,080)</u>	<u>(15,634)</u>	<u>(18,888)</u>	<u>(20,391)</u>
Net investment income	\$ <u>64,531</u>	\$ <u>58,649</u>	\$ <u>57,543</u>	\$ <u>60,841</u>	\$ <u>48,532</u>
Net realized gain on investment	\$ 14,208	\$ 141,835	\$ 8,052	\$ 191,349	\$ 621,537
Net unrealized gain (loss) on investments	<u>432,708</u>	<u>676,300</u>	<u>(36,166)</u>	<u>298,041</u>	<u>167,803</u>
Total revenues	\$ <u>671,468</u>	\$ <u>1,032,058</u>	\$ <u>194,995</u>	\$ <u>725,538</u>	\$ <u>997,680</u>
<b>BENEFITS AND EXPENSES:</b>					
Interest credited to accumulated account balances of plan participants	\$ 195,868	\$ 224,616	\$ 235,444	\$ 244,794	\$ 287,571
Participant dividends incurred	0	0	0	0	31,803
Death and disability benefits	6,888	8,109	(1,493)	7,995	12,142
Future annuity benefits incurred	181,459	163,255	220,467	194,028	170,355
Forfeitures reserved for future distribution	109	125	291	12	0
Administrative expenses	<u>17,029</u>	<u>16,751</u>	<u>17,400</u>	<u>17,522</u>	<u>19,626</u>
Total benefits and expenses	\$ <u>401,353</u>	\$ <u>412,856</u>	\$ <u>472,109</u>	\$ <u>464,351</u>	\$ <u>521,497</u>
Net income (loss)	\$ <u>270,115</u>	\$ <u>619,202</u>	\$ <u>(277,114)</u>	\$ <u>261,187</u>	\$ <u>476,183</u>
<b>Fund surplus:</b>					
Fund deficit, beginning of year	\$(1,093,240)	\$ (823,125)	\$(203,923)	\$(481,037)	\$(219,850)
Fund surplus (deficit), end of year	\$ <u>(823,125)</u>	\$ <u>(203,923)</u>	\$ <u>(481,037)</u>	\$ <u>(219,850)</u>	\$ <u>256,333</u>

## 6. TREATMENT OF MEMBERS

The examiner reviewed a sample of various types of retirement benefits to members and beneficiaries. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

Respectfully submitted,

\_\_\_\_\_  
/s/

Manish Gajiwala  
Senior Insurance Examiner

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

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

\_\_\_\_\_  
/s/

Manish Gajiwala

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_



NEW YORK STATE

**DEPARTMENT OF FINANCIAL SERVICES**

I, ANTHONY J. ALBANESE, Acting 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:

**MANISH GAJIWALA**

as a proper person to examine the affairs of the

**YOUNG MEN'S CHRISTIAN ASSOCIATION RETIREMENT FUND**

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

**RETIREMENT 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 24th day of November, 2015

ANTHONY J. ALBANESE  
Acting Superintendent of Financial Services

By:



MARK MCLEOD  
ASSISTANT CHIEF - LIFE BUREAU

