



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
SEGREGATED GIFT ANNUITY FUND  
OF THE  
BROOKLYN ACADEMY OF MUSIC, INC.

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

AUGUST 7, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

SEGREGATED GIFT ANNUITY FUND

OF THE

BROOKLYN ACADEMY OF MUSIC, INC.

AS OF

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EXAMINER:

JUAN F. SOTO

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Shirin Emami  
Acting Superintendent

January 21, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31167, dated May 8, 2014 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Brooklyn Academy of Music, Inc., hereinafter referred to as “the Fund,” at its home office located at 30 Lafayette Avenue, Brooklyn, NY 11217.

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 December 31, 2013 filed annual statement. (See item 4 of this report)

The Fund has not issued any charitable gift annuity agreements yet. (See item 5 of this report)

## 2. SCOPE OF EXAMINATION

This is the first examination of the Fund since it received its special permit to issue gift annuity agreements in 2009. This examination covers the period from May 5, 2009 through December 31, 2013. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2013 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, 2013 to determine whether the Fund's filed 2013 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 Brooklyn Academy of Music, Inc. (BAM) is a multi-arts center, located in Brooklyn, New York. The BAM presented its first performance at its original facility, on Montague Street, in 1861, and began operations at its present location in 1908. Since its inception, the BAM has presented many of the great artists, writers, thinkers and politicians of the nineteenth, twentieth, and twenty-first centuries, from renowned writers like Mark Twain, Booker T. Washington, and William Butler Yeats, to artists that have gone on to change the face of the performing arts in America, including Twyla Tharp, Alvin Ailey, and the late Merce Cunningham, director Robert Wilson, and composer Phillip Glass. With world-renowned programming in theater, dance, music, opera, film, and much more, the BAM showcases the work of emerging artists and innovative modern masters, reaching 750,000 patrons annually.

Under the provisions of its by-laws, the BAM is permitted to issue gift annuity agreements, which it has not started as of this examination. The BAM was granted a special permit by the Department on May 5, 2009, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law. All operations related to the issuance, maintenance and settlement of annuity agreements were originally to be handled by Wachovia Bank (“Wachovia”), an agreement with which was terminated as of January 27, 2010, due to high administration fees and that the Fund was not yet issuing gift annuity agreements.

The BAM was incorporated September 11, 1969. The BAM’s activities are conducted under the leadership of Karen Brooks Hopkins, President, and Joseph V. Melillo, Executive Producer, who have worked together at the BAM for over 25 years. The BAM’s mission is to be the home for adventurous artists, audiences, and ideas, engaging both global and local communities.

The management of the BAM, and the Fund and all of its affairs and property, are entrusted to a board of trustees. The number of trustees shall not be less than three (3) and shall be fixed from time to time by the trustees then in office to serve a one-year term. In addition to the trustees of the corporation, individuals holding the following offices shall serve ex-officio as non-voting trustees of the board: Commissioner of NYC Department of Cultural Affairs; President, Borough of Brooklyn; and Mayor, City of New York. As of December 31, 2013, the board consisted of 63 trustees. The trustees elect a Chair, up to two Vice Chairs, a President, a Treasurer, a Secretary,

and such other officers, if any, including one or more vice presidents, as the Board of Trustees may from time to time appoint or elect. The nomination and election procedures of the trustees and their terms of office are set by the by-laws.



#### 4. SIGNIFICANT FINANCIAL INFORMATION

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

	December 31, <u>2009</u>	December 31, <u>2013</u>	<u>Increase</u>
Admitted assets	<u>\$102,689</u>	<u>\$110,112</u>	<u>\$7,423</u>
Liabilities	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Minimum required surplus	\$ 0	\$ 0	\$ 0
Unassigned funds (surplus)	<u>102,689</u>	<u>110,112</u>	<u>7,423</u>
Total surplus	<u>\$102,689</u>	<u>\$110,112</u>	<u>\$7,423</u>
Total liabilities and surplus	<u>\$102,689</u>	<u>\$110,112</u>	<u>\$7,423</u>

The original reserve deposit was for \$110,000; the additional \$10,000 represented the annual administration fee agreed upon with Wachovia, at the inception of the Fund, in March 2009. Upon realizing that the Fund would not start issuing gift annuities in the foreseeable future, on January 27, 2010 the arrangement with Wachovia was ended, and an account was opened with Bank of America. BAM is currently in search of a new fund administrator with competitive administrative fees, so that the Fund can start issuing gift annuities. The additional \$10,000 will remain on deposit, and once the administrative fees start taking effect, the monthly charges will be debited from the account, and will be replenished from the general fund, once exhausted.

The Fund's admitted assets, as of December 31, 2013, were 100% invested in a money market mutual fund at Bank of America.

## 5. TREATMENT OF ANNUITANTS

This is the first examination of the Fund and the Fund has not issued any gift annuity agreements yet.

Respectfully submitted,

\_\_\_\_\_/s/  
Juan Soto  
Senior Insurance Examiner

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

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

\_\_\_\_\_/s/  
Juan Soto

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_

APPOINTMENT NO. 31167

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:

**JUAN SOTO**

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF  
THE BROOKLYN ACADEMY OF MUSIC**

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 8th day of May, 2014

BENJAMIN M. LAWSKY  
Superintendent of Financial Services

By:

  
MICHAEL MAFFEI

ASSISTANT DEPUTY SUPERINTENDENT  
AND CHIEF OF THE LIFE BUREAU

