

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
CENTER FOR INQUIRY, INC.

CONDITION:

DECEMBER 31, 2018

DATE OF REPORT:

AUGUST 12, 2019

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

SEGREGATED GIFT ANNUITY FUND

OF THE

CENTER FOR INQUIRY, INC.

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EXAMINER:

ADELIA GBADAMOSI

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**Department of
Financial Services**

KATHY HOCHUL
Governor

ADRIENNE A. HARRIS
Acting Superintendent

December 21, 2021

Honorable Adrienne A. Harris
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31899, dated May 16, 2019 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Center for Inquiry, Inc., at its home office located at 3965 Rensch Road, Amherst, NY 14228.

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

1. EXECUTIVE SUMMARY

The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. (See item 5 of this report)

2. SCOPE OF EXAMINATION

This Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' (the "Department") examination and assessment of the Center for Inquiry, Inc. Segregated Gift Annuity Fund (the "Fund") through which Center for Inquiry, Inc. (the "Organization") provides annuity benefits.

The prior examination was conducted as of December 31, 2013. This examination covers the period from January 1, 2014 through December 31, 2018. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2018 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, 2018 to determine whether the Fund's filed 2018 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification. The examiner also reviewed the corrective actions taken by the Fund with respect to the violations, recommendations and/or comments contained in the prior report on examination. The results of such review are contained in item 6 of this report.

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 Center for Inquiry, Inc. is an educational nonprofit corporation, incorporated in New York, recognized as a 501(c)(3) corporation, under the United States tax code. Its purposes are to critically examine the claims of religion and pseudoscience, advocate for the separation of church and state, work to eliminate the influence of religion and pseudoscience on public policy, and educate the public regarding the benefits of evidence-based reasoning and critical thinking. The Organization is a supporting organization within the meaning of Section 509(a)(3) of the United States tax code, and previously carried out its charitable purposes in substantial part through the work of its two supported affiliates, the Committee for Skeptical Inquiry, Inc. and the Council for Secular Humanism, Inc. All three corporations had the same directors and officers. In 2015, the three corporations, the Center for Inquiry, the Committee for Skeptical Inquiry, Inc., and the Council for Secular Humanism, Inc, merged into one entity known as The Center for Inquiry. The Richard Dawkins Foundation for Reason and Science merged into the Organization on December 31, 2016.

The Organization established a program to issue gift annuity agreements in return for gifts from donors, and it has done so since 2000. A special permit was granted to the Center for Inquiry, Inc. by the Department on October 27, 2009, for the purpose of issuing gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

B. Third Party Investment and Other Servicers

U.S. Trust, Bank of America Corporation (“U.S. Trust”) is the Fund’s custodian. U.S. Trust provides management of the investment funds and makes all benefit payments due to the annuitants. U.S. Trust provides the Organization with quarterly investment statements, payment summaries, and reserve statements and tax filings, along with other requested reports.

The Center for Inquiry, Inc. records the financial activity of the Fund in its accounting software and prepares the Fund’s annual statement based on internal records and statements and summaries issued by U.S. Trust.

C. Oversight Structure

The management of the Center for Inquiry, Inc. and the Fund and all of its affairs and property are entrusted to a board of directors. The number of directors shall be no less than five and no more than 13. As of December 31, 2018, the board consisted of nine directors. The directors elect a Chair, who shall preside at the meetings of the Board, and a Vice Chair, who shall preside at the meetings of the Board in the absence of the Chair. The directors also elect a President/Chief Executive Officer, a Secretary, and a Treasurer. The nomination and election procedures of the directors and their terms of office are set by the by-laws.

4. SIGNIFICANT FINANCIAL INFORMATION

The following summary table indicates the growth (decline) in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$678,586</u>	<u>\$655,932</u>	<u>\$ (22,654)</u>
Liabilities	<u>\$503,794</u>	<u>\$582,286</u>	<u>\$ 78,492</u>
Minimum required fund balance	\$ 50,379	\$ 58,229	\$ 7,850
Excess fund balance (surplus)	<u>124,413</u>	<u>15,417</u>	<u>(108,996)</u>
Total annuity fund balance	<u>\$174,792</u>	<u>\$ 73,646</u>	<u>\$(101,146)</u>
Total liabilities and annuity fund balance	<u>\$678,586</u>	<u>\$655,932</u>	<u>\$ (22,654)</u>

Annuities increased from 11 with annual payment amounts of \$53,197 as of December 31, 2013 to a total of 15 with annual payment amounts of \$51,092 as of December 31, 2018 as a result of a 2015 merger with two other organizations. There were 3 terminated annuities during the examination period and 7 annuities added overall.

The Fund's admitted assets, as of December 31, 2018, were invested mainly in common stocks (84.31%) and money market mutual funds (15.68%).

5. 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.

The examiner's review of the only annuity contract terminated revealed that the Fund did not obtain a copy of the death certificate to confirm termination of the annuity contract.

The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior report on examination and the subsequent actions taken by the Fund in response to each citation:

<u>Item</u>	<u>Description</u>
A	<p>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.</p> <p>The board of directors did not approve the purchases and sales of all investments during the examination period. However, upon examination, the Organization agreed to have its board review the investment portfolio of the Fund. The examiner noted that the board reviewed the Fund's investment portfolio.</p>

7. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.	7

Respectfully submitted,

/s/
Adelia Gbadamosi
Senior Insurance Examiner

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

ADELIA GBADAMOSI, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

/s/
Adelia Gbadamosi

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31899

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, LINDA A. LACEWELL, 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:

ADELIA GBADAMOSI

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
CENTER FOR INQUIRY, INC.**

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

FUND

with such other information as she 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 16th day of May, 2019

LINDA A. LACEWELL
Acting Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

