



**REPORT ON EXAMINATION  
OF THE  
SEGREGATED GIFT ANNUITY FUND  
OF THE  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER  
NEW YORK**

**AS OF December 31, 2019**

**EXAMINER: Adelia Gbadamosi**

**DATE OF REPORT: July 8, 2020**

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
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KATHY HOCHUL  
Governor

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ADRIENNE A. HARRIS  
Superintendent

October 31, 2022

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

Madam:

In accordance with instructions contained in Appointment No. 32077, dated April 28, 2020 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Young Men's Christian Association of Greater New York. The Fund's home office is located at 5 West 63<sup>rd</sup> Street, New York, New York 10023.

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, 2019 filed annual statement. (See item 4 of this report)

The Fund violated Section 1110(a) of the New York Insurance Law by using a gift annuity agreement form that differed from the gift annuity agreement forms that were filed with the Superintendent. The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent. (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' ("Department", or "DFS") examination and assessment of the Young Men's Christian Association of Greater New York Segregated Annuity Fund (the "Fund") through which Young Men's Christian Association of Greater New York (the "Association") provides annuity benefits.

The prior examination was conducted as of December 31, 2014. This examination covers the period from January 1, 2015 through December 31, 2019. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2019 but prior to the date of this report (i.e., the completion date of the examination).

This report outlines DFS's supervisory expectations or priorities and articulates DFS's general views regarding the exceptional circumstances where the Association or Fund, in relation to their annuity activities, could have better satisfied statutory standards or to adhered to practices or methods of dealing that are regularly observed among similar circumstances.

The Fund is subject to the solvency and examination requirements of New York Insurance Law § 1110 and of New York Insurance Law articles 1, 2, 3, 25, and 74.

The investment of the Fund's required admitted assets is subject to N.Y. Estates, Powers and Trust Law § 11-2.3. The investment of the remainder of the Fund's admitted assets is subject to N.Y. Not-for-Profit Corporation Law Article 5-a. Both establish that the trustees are to invest the assets consistent with prudent person standards.

The examination comprised a verification of assets and liabilities as of December 31, 2019 to determine whether the Fund's filed 2019 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 recommendations contained in the prior report on examination. The results of such review are contained in item 6 of this report.

### 3. DESCRIPTION OF FUND

#### A. History

The Young Men's Christian Association of Greater New York was chartered in 1852 and is organized for the purpose of promoting positive values through programs that build spirit, mind and body, welcoming all people, with a focus on youth. The Association established the Fund to issue gift annuity agreements in return for gifts from donors in 2001. The Superintendent of Insurance granted to the Association a Charitable Annuity Society special permit on January 26, 2010.

#### B. Structure

The management of the Association and the Fund and all its affairs and property are entrusted to a board of directors. Operations related to management, accounting and reporting, charitable donor relationship, and fund development are handled by the Fund.

#### C. Assets under the Board of Directors

As of the December 31, 2019 audited financial statement, the Association's Board of Directors oversaw an endowment consisting of 80 individual funds comprising \$72,839,681 in total assets. The Fund, as of December 31, 2019, held total admitted assets of \$436,096.

#### D. Third-Party Payment Service Provider

UBS Financial Services ("UBS") is the Fund's custodian and investment manager. Comerica, in alliance with UBS, manages the Fund's account, annuity payments, tax reporting, reserve calculations, and records and reporting.

#### 4. ASSETS AND LIABILITIES SUMMARY

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>2014</u>	<u>December 31,</u> <u>2019</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$447,032</u>	<u>\$436,096</u>	<u>\$(10,936)</u>
Liabilities	<u>\$293,355</u>	<u>\$247,903</u>	<u>\$(45,452)</u>
Minimum required fund balance	\$ 29,336	\$ 24,790	\$ (4,546)
Excess fund balance (surplus)	<u>124,341</u>	<u>163,402</u>	<u>39,061</u>
Total annuity fund balance	<u>\$153,677</u>	<u>\$188,193</u>	<u>\$ 34,516</u>
Total liabilities and annuity fund balance	<u>\$447,032</u>	<u>\$436,096</u>	<u>\$(10,936)</u>

The decrease in assets is due to the income and gains offset by annuity payments. Liabilities decreased due to the net present value of annuities resulting from the change in the reserve calculation. Annuity fund balance increased due to additional funds added to meet invested asset requirements. The number of annuities remained at nine during the examination period. Annual payments decreased from \$31,503 as of December 31, 2014 to \$29,423 as of December 31, 2019.

The Fund's admitted assets, as of December 31, 2019, were invested mainly in equity securities (94.54%) and mutual funds (2.91%).



## 5. TREATMENT OF ANNUITANTS

Section 1110(a) of the New York Insurance Law states, in part:

“. . . Every such corporation or association shall, before making such agreement, file with the superintendent copies of its forms of agreements with annuitants . . .”

The examiner reviewed the one new gift annuity issued by the Fund during the examination period. The examiner noted that, in the one newly issued annuity, the Fund used a form that was not filed with the Superintendent. The deviating form found in the sample was 1da-I-NY.

The Fund violated Section 1110(a) of the New York Insurance Law by using a gift annuity agreement form that differed from the gift annuity agreement forms that were filed with the Superintendent. The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.

## 6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the recommendations 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 trustees, or a committee thereof, approve the purchases and sales of all investments and note such approval in the minutes.</p> <p>The board of directors approved the purchases and sales of all investments during the examination period and noted such approval in the minutes.</p>
B	<p>The examiner recommends that the Fund diversify its investment holdings.</p> <p>The Department no longer provides guidance for investment diversification.</p>

## 7. SUMMARY AND CONCLUSIONS

Following are the violation and recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Fund violated Section 1110(a) of the New York Insurance Law by using a gift annuity agreement form that differed from the gift annuity agreement forms that were filed with the Superintendent.	6
B	The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.	6

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 \_\_\_\_\_

*NEW YORK STATE*

***DEPARTMENT OF FINANCIAL SERVICES***

*I, LINDA A. LACEWELL, 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  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW YORK***

*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 28th day of April, 2020*

*LINDA A. LACEWELL  
Superintendent of Financial Services*

*By:*



*MARK MCLEOD  
DEPUTY CHIEF - LIFE BUREAU*

