



**REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
AFRICA INLAND MISSION INTERNATIONAL, INC.**

AS OF December 31, 2021

EXAMINER: Manish Gera

DATE OF REPORT: December 1, 2023

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

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MANISH GERA

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

January 11, 2024

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

Madam:

In accordance with instructions contained in Appointment No. 32362, dated September 28, 2022 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Africa Inland Mission International, Inc. The Fund's home office is located at 600 West Park Drive, Peach Tree, Georgia 30269.

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

1. EXECUTIVE SUMMARY

The Fund violated New York Insurance Law § 312(b) by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination. The examiner recommends that the Fund comply with New York Insurance Law § 312(b) by obtaining the signature of each board member indicating that they have received and read any current or future filed report on examination. (See item 3E of this report)

The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials. (See item 4A 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 Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' examination and assessment of the Africa Inland Mission International, Inc. Segregated Gift Annuity Fund (the "Fund") through which Africa Inland Mission International, Inc. (the "Mission") provides annuity benefits.

The prior examination was conducted as of December 31, 2016. This examination covers the period from January 1, 2017 through December 31, 2021. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2021 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 Foundation 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, 2021 to determine whether the Fund's filed 2021 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 7 of this report.

3. DESCRIPTION OF FUND

A. History

The Africa Inland Mission International, Inc. is organized to carry on the work of evangelization in Africa, and its purpose is to fulfill the commission of Jesus Christ, to make Him known and to make disciples in His name among all nations, baptizing them and teaching His word. The role of the US-based headquarters is to receive volunteers and contributions that are sent from churches in the US and forward these to Africa-based teams. The Mission established the Fund to issue gift annuity agreements in return for gifts from donors in 1962. The Superintendent of Insurance granted to the Mission a Charitable Annuity special permit on April 21, 1987.

B. Structure

The Fund is overseen by the Mission's U.S. Council. The Mission reconciles the Fund's own annuity checking account, records investment activity in its accounting records, maintains the annuity program, and ensures annuitants are paid in a timely manner.

C. Assets under the U.S. Council

As of the December 31, 2021 audited financial statement, the Mission's U.S. Council oversaw an endowment consisting of 5 individual funds and the amounts were not disclosed in the audited financial statements due to immateriality in relation to the total assets of the Mission. The Mission held \$16,794,542 in investments as of December 31, 2021. The Fund, as of December 31, 2021, held total admitted assets of \$1,173,362.

D. Third-party Payment Service Provider

The Fund's custodian is Charles Schwab & Company, Inc. The Mission has outsourced portions of the Charitable Gift Annuity program to Cornerstone Management Inc. ("Cornerstone"). Cornerstone manages the Fund's investments in accordance with the Investment Policy adopted by the Mission's Investment Committee.

E. Oversight Structure

New York Insurance Law § 312(b) states, in part:

“(b) A copy of the report shall be furnished by such insurer or other person to each member of its board of directors and each such member shall sign a statement which

shall be retained in the insurer's files confirming that such member has received and read such report . . .”

The examiner's review revealed that the Fund failed to obtain statements signed by each board member indicating that they received and read the prior report on examination.

The Fund violated New York Insurance Law § 312(b) by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination. The examiner recommends that the Fund comply with New York Insurance Law § 312(b) by obtaining the signature of each board member indicating that they have received and read any current or future filed report on examination.

4. INVESTMENT REVIEW

A. Investment Policy Statement

New York Estate Powers and Trust Law § 11-2.3(b)(3)(A) requires trustees to “pursue an overall investment strategy to enable the trustee[s] to make appropriate present and future distributions to or for the benefit of the beneficiaries under the governing instrument, in accordance with risk and return objectives reasonably suited to the entire portfolio.”

New York Not-for-Profit Corporation Law § 552(e)(2) requires institutions to adopt “an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.” New York Not-for-Profit Corporation Law § 552(f) provides that each “institution shall adopt a written investment policy setting forth guidelines on investments ... and delegation of management and investment functions in accord with the standards of this article.”

Cornerstone Management Inc. is the Fund’s investment adviser and Charles Schwab & Company, Inc. is the Fund’s custodian.

Cornerstone Management, Inc. prepared and provided a form investment policy statement (“IPS”) for the Fund. The Fund adopted that form as its IPS.

The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.

5. ASSETS & 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>2016</u>	<u>December 31,</u> <u>2021</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	\$ <u>1,187,132</u>	\$ <u>1,173,362</u>	\$ <u>(13,770)</u>
Liabilities	\$ <u>996,213</u>	\$ <u>724,633</u>	\$ <u>(271,580)</u>
Minimum required fund balance	\$ 99,621	\$ 72,463	\$ (27,158)
Excess fund balance (surplus)	<u>91,298</u>	<u>376,266</u>	<u>284,968</u>
Total annuity fund balance	\$ <u>190,919</u>	\$ <u>448,729</u>	\$ <u>257,810</u>
Total liabilities and annuity fund balance	\$ <u>1,187,132</u>	\$ <u>1,173,362</u>	\$ <u>(13,770)</u>

The decrease in assets and liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 142 with annual payment amounts of \$128,563 as of December 31, 2016 to a total of 115 with annual payment amounts of \$105,491 as of December 31, 2021. The increase in annuity fund balance is a result of investment gains despite higher payout rates for the existing annuity pool.

The Fund's admitted assets, as of December 31, 2021, were invested mainly in equity securities (97.36%).

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. 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 approvals in the minutes.</p> <p>The Fund has complied with the recommendation.</p>
B	<p>The examiner recommends that the Fund strengthen the diversification of its investment holdings. If the trustee has determined that it is in the interests of the beneficiaries to deviate from such a recommendation, then it should memorialize the reasons for that determination in terms of the ISS's risk, return, and time horizon parameters.</p> <p>The Department no longer provides specific guidance for diversification.</p>
C	<p>The examiner recommends that the Fund contract with a licensed bank or trust company to serve as the Fund's custodian for the Fund's securities.</p> <p>The Fund has complied with the recommendation.</p>

8. SUMMARY AND CONCLUSIONS

Following are the violation and recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Fund violated New York Insurance Law § 312(b) by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination.	5
B	The examiner recommends that the Fund comply with New York Insurance Law § 312(b) by obtaining the signature of each board member indicating that they have received and read any current or future filed report on examination.	5
C	The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.	6

Respectfully submitted,

_____/s/
Manish Gera
Financial Services Specialist 2

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

MANISH GERA, 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 Gera

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32362

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ADRIENNE A. HARRIS, 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 GERA

as a proper person to examine the affairs of the

***SEGREGATED GIFT ANNUITY FUND OF THE
AFRICA INLAND MISSION INTERNATIONAL, INC.***

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 28th day of September, 2022

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:



***MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU***

