REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
JEWISH FEDERATIONS OF NORTH AMERICA, INC.

AS OF December 31, 2022

EXAMINER: Manish Gera

DATE OF REPORT: September 25, 2024

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December 12, 2024

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

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32512, dated July 23, 2023 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Jewish Federations of North America, Inc. The Fund's home office is located at 25 Broadway, Suite 1700, New York, NY 10004.

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

1. EXECUTIVE SUMMARY

The Investment Policy Statement should be approved by the board of trustees. (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)

The Fund should prepare and maintain a general ledger, trial balance, and transaction registers that reconcile to its annual statements. (See item 7 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 Jewish Federations of North America, Inc. Segregated Gift Annuity Fund (the "Fund") through which Jewish Federations of North America, Inc. (the "Organization") provides annuity benefits.

The prior examination was conducted as of December 31, 2017. This examination covers the period from January 1, 2018 through December 31, 2022. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2022 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 Organization 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, 2022 to determine whether the Fund's filed 2022 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 recommendation contained in the prior report on examination. The results of such review are contained in item 8 of this report.

3. DESCRIPTION OF FUND

A. History

Jewish Federations of North America, Inc. was chartered in 1935 and is organized to provide fund raising support, organization assistance, training, and overall leadership to the Jewish federations and communities throughout North America. The Organization established the Fund to issue gift annuity agreements in return for gifts from donors in 2002. The Superintendent of Insurance granted to the Organization a Charitable Annuity Society special permit on September 10, 2004.

B. Structure

The management of the Organization and the Fund and all of its affairs and property are entrusted to a board of trustees. All operations related to the issuance and maintenance of annuity agreements are handled by the Fund.

C. Assets under the Board of Trustees

As of the June 30, 2022 audited financial statement, the Organization's Board of Trustees oversaw an endowment comprising $52,104,000 in total assets. The Organization also maintains $66,713,000 in investments. The Fund, as of December 31, 2022, held total admitted assets of $2,168,491.

D. Third-party Service Providers

PNC Bank, NA ("PNC Bank") is the custodian and investment manager of the Fund's assets. PNC Bank issues payments on behalf of the Fund, prepares and sends Internal Revenue Service ("IRS") Form 1099-R to annuitants, and makes Form 1099-R annual reports to the IRS. PNC Bank also provides a service to calculate annuity reserves. The Fund contracts with K2N Advisors and CPAs to prepare the Fund's annual statement filing. BDO USA, LLP audits the Organization's consolidated financial statements.

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."

The examiner's review of the Fund's Investment Policy Statement ("IPS") revealed that the board failed to approve the IPS.

The Investment Policy Statement should be approved by the board of trustees.

5. ASSETS & LIABILITIES SUMMARY

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

	December 31, 2017	December 31, 2022	Decrease
Admitted assets	$3,658,734	$2,168,491	$(1,490,243)
Liabilities	$2,546,432	$1,781,846	$ (764,586)
Minimum required fund balance	$ 254,643	$ 178,185	$ (76,458)
Excess fund balance (surplus)	857,659	208,461	(649,198)
Total annuity fund balance	$1,112,302	$ 386,645	$ (725,657)
Total liabilities and annuity fund balance	$3,658,734	$2,168,491	$(1,490,243)

The decrease in assets, liabilities, and annuity fund balance reflects as decrease in the total number of annuities in force. Annuities decreased from 72 with annual payment amounts of $325,423 as of December 31, 2017 to a total of 51 with annual payment amounts of $257,379 as of December 31, 2022.

The Fund's admitted assets, as of December 31, 2022, were invested mainly in equity securities (90.54%).

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. ANNUAL STATEMENT REPORTING

The examiner's review of the Fund's filed 2022 annual statement revealed that the reported amount of gifts received and annuity payments to donors in the Fund's annual statement failed to reconcile with its general ledger.

The Fund should prepare and maintain a general ledger, trial balance, and transaction registers that reconcile to its annual statements.

8. PRIOR REPORT RECOMMENDATION

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

Item	Description
A	The examiner recommends that the Fund adopt an Investment Strategy Statement that references the prudent investor standard as defined in Section 11-2.3 of the Estates, Powers and Trusts Law, which standard, as specified in Section 1110(b) of the New York Insurance Law, governs the manner in which the required admitted assets of a segregated gift annuity fund shall be invested. The Fund should exercise reasonable care, skill and caution to make and implement investment and management decisions as a prudent investor would for the entire portfolio. In doing so, the Fund should take into account present and future distributions to or for the beneficiaries and create a plan to meet the needs of those distributions to establish the ISS's risk, return, and time horizon objectives. The examiner noted that the Fund adopted an Investment Policy Statement that references the prudent investor standard as defined in Section 11-2.3 of the Estates, Powers and Trusts Law.

9. RECOMMENDATIONS

Following are the recommendations contained in this report:

Item	Description	Page No(s).
A	The Investment Policy Statement should be approved by the board of trustees.	5
B	The Fund should prepare and maintain a general ledger, trial balance, and transaction registers that reconcile to its annual statements.	8

Respectfully submitted,

/s/
Manish Gera
Senior Insurance Examiner

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. 32512

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 JEWISH FEDERATIONS OF NORTH AMERICA, 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 21st day of July, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU