# REPORT ON EXAMINATION
# OF THE
# SEGREGATED GIFT ANNUITY FUND
# OF THE
# FOUNDATION OF CVPH MEDICAL CENTER, INC.

**AS OF December 31, 2023**

**EXAMINER: Manish Gera**

**DATE OF REPORT: July 11, 2025**

TABLE OF CONTENTS


| ITEM | | PAGE NO. |
|---|---|---|
| 1. | Executive summary | 2 |
| 2. | Scope of examination | 3 |
| 3. | Description of Fund | 4 |
| | A. History | 4 |
| | B. Structure | 4 |
| | C. Assets under the board of directors | 4 |
| | D. Third-Party service providers | 4 |
| 4. | Investment review | 5 |
| | A. Investment policy statement | 5 |
| 5. | Assets and liabilities summary | 6 |
| 6. | Treatment of annuitants | 7 |
| 7. | Prior report recommendations | 8 |
| 8. | Recommendations | 9 |

August 22, 2025

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. 32625, dated September 13, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Foundation of CVPH Medical Center, Inc. The Fund's home office is located at 75 Beekman Street, Plattsburgh, NY 12901.

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 Directors. (See Item 4A of this report)

The Fund should 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)

## 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 Foundation of CVPH Medical Center, Inc. Segregated Gift Annuity Fund (the "Fund") through which the Foundation of CVPH Medical Center, Inc. (the "Foundation") provides annuity benefits.

The prior examination was conducted as of December 31, 2018. This examination covers the period from January 1, 2019 through December 31, 2023. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2023 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, 2023 to determine whether the Fund's filed 2023 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 7 of this report.

## 3. DESCRIPTION OF FUND

### A. History

The Foundation of CVPH Medical Center, Inc. was chartered in 1989 and is organized for the purpose of publicly soliciting and receiving funds for the primary benefit of the Champlain Valley Physicians Hospital Medical Center and its affiliates, so long as such entities are operated as not-for-profit organizations, and for the purpose of improving the health and well-being of the inhabitants of the North Country. The Foundation established the Fund to issue gift annuity agreements in return for gifts from donors in 2009. The Superintendent of Insurance granted to the Foundation a Charitable Annuity Society special permit on October 20, 2009.

### B. Structure

The management of the Foundation and the Fund and all of its affairs and property are entrusted to a board of directors. All operations related to the issuance, maintenance and settlement of annuity agreements are handled by the Fund in conjunction with Community Bank .

### C. Assets under the Board of Directors

As of the September 30, 2023 IRS Form 990, the Foundation's Board of Directors oversaw an endowment fund comprising $4,771,739 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $490,688.

### D. Third-party Service Providers

Community Bank is the custodian of the Fund's assets, is the Fund's investment manager, and distributes 1099-R forms. The Foundation's Finance Committee establishes investment guidelines for the Fund and adheres to the University of Vermont Health Network investment policy. The Foundation's Accounting Department maintains a backup copy of all documents, records the investments within their monthly financial statements, and completes the annual statement submitted to the Department.

## 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 did not approve the IPS.

The Investment Policy Statement should be approved by the Board of Directors.

The Foundation prepared and provided a custom-tailored investment policy statement for the Fund. The Fund adopted it as its Investment Policy Statement.

The Fund should 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:

| | December 31, 2018 | December 31, 2023 | Increase (Decrease) |
|---|---|---|---|
| Admitted assets | $457,379 | $490,688 | $ 33,309 |
| Liabilities | $110,707 | $ 60,822 | $(49,885) |
| Minimum required fund balance | $ 11,071 | $ 6,082 | $ (4,989) |
| Excess fund balance (surplus) | 335,601 | 423,784 | 88,183 |
| Total annuity fund balance | $346,672 | $429,866 | $ 83,194 |
| Total liabilities and annuity fund balance | $457,379 | $490,688 | $ 33,309 |

The increase in admitted assets and annuity fund balance came from investment income. The decrease in liabilities reduced the minimum required fund balance, which also increased total annuity fund balance. The decrease in liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 3 with annual payment amounts of $13,530 as of December 31, 2018, to a total of 2 with annual payment amounts of $5,630 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested in bonds (19.97%), equity securities (22.60%), and money market mutual funds (47.80%).

## 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 RECOMMENDATIONS

Following are the recommendations 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 board of directors, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes.<br><br>The Corporation's board of directors, or a committee thereof, reviewed the purchases and sales of the Fund's investments annually and noted the same in the minutes. |
| B | The examiner recommends that the Fund ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued.<br><br>Not applicable, no new issues. |
| C | The examiner recommends that the Fund exercise due care in the preparation of its filed annual statements.<br><br>The examiner noted no new discrepancies during his review. |
| D | The examiner recommends that the Fund implement appropriate monitoring controls that will ensure that when annuities are issued, payout rates do not exceed the maximum rates provided in the filed schedule, in compliance with Section 1110(a) of the New York Insurance Law.<br><br>The Fund has complied with the recommendation. |

## 8. 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 Directors. | 5 |
| B | The Fund should 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 |

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. 32625***

***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 FOUNDATION OF CVPH MEDICAL CENTER, 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 13th day of September, 2024*

*ADRIENNE A. HARRIS*
*Superintendent of Financial Services*

*By:* Mark McLeod

*MARK MCLEOD*
*DEPUTY CHIEF - LIFE BUREAU*