REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
FOUNDATION OF ROMAN CATHOLIC DIOCESE OF BUFFALO, INC.

AS OF December 31, 2023

EXAMINER: Manish Gera

DATE OF REPORT: September 12, 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 trustees	4
	D. Third-Party service providers	4
	E. Oversight Structure	4
4.	Assets and liabilities summary	6
5.	Treatment of annuitants	7
6.	Annual Statement Reporting	8
7.	Prior report violation & recommendations	9
8.	Violations & recommendations	10

November 19, 2025

Honorable Kaitlin Asrow
Acting Superintendent of Financial Services
New York, New York 10004

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32626, 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 Roman Catholic Diocese of Buffalo, Inc. The Fund's home office is located at 795 Main Street, Buffalo, New York 14203.

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

1. EXECUTIVE SUMMARY

The Fund violated Section 312(b) of the New York Insurance Law by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination. The examiner directs that the Fund comply with Section 312(b) of the New York Insurance Law 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 Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent. The examiner directs 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)

Upon the death of an annuitant, the Fund should 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)

The Fund should prepare its annual statements in accordance with the instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement. (See item 6 of this report)

The Fund should exercise due care in the preparation of its filed annual statements. (See item 6 of this report)

The Fund should correctly reconcile transaction confirmations and any other documentation provided by its custodian to its annual statements. (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 Foundation of Roman Catholic Diocese of Buffalo, Inc. Segregated Gift Annuity Fund (the "Fund") through which the Foundation of Roman Catholic Diocese of Buffalo, 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 Roman Catholic Diocese of Buffalo, Inc. was chartered in 1996 and is organized for the purpose of acquiring, administering, and distributing funds to benefit the educational, religious, and charitable needs of the Roman Catholic Diocese of Buffalo. The Organization established the Fund to issue gift annuity agreements in return for gifts from donors in 2008. The Superintendent of Insurance granted to the Foundation a Charitable Annuity Society special permit on February 9, 2009.

B. Structure

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

C. Assets under the Board of Trustees

As of the August 31, 2022 audited financial statement, the Foundation's Board of Trustees oversaw several endowment funds comprising $24,726,139 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $284,667.

D. Third-party Service Providers

Christian Brothers Investment Services, Inc. ("CBIS") is the custodian of the Fund's assets. The custodian of CBIS is Brown Brothers Harriman. Annuity illustrations and software calculations are handled by PG Calc.

E. Oversight Structure

Section 312(b) of the New York Insurance Law 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 Section 312(b) of the New York Insurance Law by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination.

The examiner directs that the Fund comply with Section 312(b) of the New York Insurance Law by obtaining the signature of each board member indicating that they have received and read any current or future filed report on examination.

4. 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	$545,140	$284,667	$(260,473)
Liabilities	$409,931	$151,756	$(258,175)
Minimum required fund balance	$ 40,993	$ 14,976*	$ (26,017)
Excess fund balance (surplus)	94,216	117,935	23,719
Total annuity fund balance	$135,209	$132,910	$ (2,299)
Total liabilities and annuity fund balance	$545,140	$284,667	$(260,474)

*This amount was calculated by the examiner.

The decrease in assets and liabilities reflects terminations resulting in payouts of the residual value of annuities to the general fund. Liabilities decreased due to annuities with larger gift amounts and reserves being terminated. Annuities started at 7, with annual payment amounts of $50,360 as of December 31, 2018, and remained at 7, with annual payment amounts of $20,720 as of December 31, 2023. The minimum required fund balance decreased, as this is calculated as 10% of the net reserve. The increase in excess fund balance was due to overall gains as well as unrealized gains in 2023 offsetting unrealized losses in 2018.

The Fund's admitted assets, as of December 31, 2023, were mainly invested in equity securities (94.70%).

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.

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's review of a sample of two newly issued gift annuities by the Fund during the examination period noted that in two newly issued annuities, the Fund used forms that differed from the gift annuity agreements filed with the Superintendent. The deviating form number in the sample is 1L-FRCDB-(10/08).

The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent.

The examiner directs that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.

The examiner's review of a sample of one annuity contract terminated revealed that in one of the three cases (33.33%) reviewed, the Fund failed to obtain a copy of the death certificate to confirm termination of the annuity contract.

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

6. ANNUAL STATEMENT REPORTING

The Department's Instructions for Completing the New York State Segregated Gift Annuity Fund Annual Statement for the years ended December 31, 2022 through December 31, 2023, namely Schedule A, states the following, in part:

> "Column 1 CUSIP Identification
> CUSIP identification numbers must be listed for all publicly traded securities. If the security/mutual fund was owned during the previous year, the CUSIP will be from the previous year's Statement. If the security was purchased in the current year, the CUSIP can be obtained from the broker's confirmation or certificate."

The examiner's review of the Fund's filed annual statements during the exam period indicated that it failed to enter the proper CUSIP numbers of its common stock investments in Schedule A, Part 3. Furthermore, the Fund failed to enter the proper CUSIP numbers in Schedule A, Parts 4 and 5 of its filed annual statements as well.

The Fund should prepare its annual statements in accordance with the instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement.

The Fund should exercise due care in the preparation of its filed annual statements.

The examiner reviewed the investment transactions for the period under examination and noted that the Fund's transaction confirmations failed to reconcile to its annual statements.

The Fund should correctly reconcile transaction confirmations and any other documentation provided by its custodian to its annual statements.

7. PRIOR REPORT VIOLATION & 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. The Foundation's board of trustees, 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 strengthen the diversification of its investment holdings. If the trustee has determined that it is in the interests of the beneficiaries not to diversify, then it should memorialize the reasons for that determination in terms of the Investment Strategy Statement's risk, return, and time horizon parameters. The Department no longer provides specific guidance for diversification.
C	The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity forms that were filed with the Superintendent. The Fund has not complied with the recommendation. A similar violation appears in this report on examination.
D	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. The Fund has not complied with the recommendation. A similar violation appears in this report on examination.

8. VIOLATIONS & RECOMMENDATIONS

Following are the violations and recommendations contained in this report:

Item	Description	Page No(s).
A	The Fund violated Section 312(b) of the New York Insurance Law 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 directs that the Fund comply with Section 312(b) of the New York Insurance Law 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 Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent.	7
D	The examiner directs that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.	7
E	The examiner directs 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
F	The Fund should prepare its annual statements in accordance with the instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement.	8
G	The Fund should exercise due care in the preparation of its filed annual statements.	8
H	The Fund should correctly reconcile transaction confirmations and any other documentation provided by its custodian 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. 32626

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 THE ROMAN CATHOLIC DIOCESE OF BUFFALO NY, 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