REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
ELLIS HOSPITAL FOUNDATION

AS OF DECEMBER 31, 2024

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: April 1, 2026

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June 26, 2026

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

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32778, dated July 18, 2025 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Ellis Hospital Foundation. The Fund's home office is located at 1101 Nott Street, Schenectady, New York 12308.

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

1. EXECUTIVE SUMMARY

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)

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' ("Department" or "DFS") examination and assessment of the Segregated Gift Annuity Fund (the "Fund") of the Ellis Hospital Foundation through which the Ellis Hospital Foundation (the "Foundation") provides annuity benefits.

The prior examination was conducted as of December 31, 2019. This examination covers the period from January 1, 2020 through December 31, 2024. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2024 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 adhered to statutory standards and guidance or 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, 2024 to determine whether the Fund's filed 2024 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 and 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 Ellis Hospital Foundation, Inc. was chartered in 1982 and is organized for the purpose of assisting Ellis Hospital in developing and expanding its services to the community by mobilizing and coordinating the efforts of community leaders, providing a focal point and recipient for philanthropic support, stimulating a source of support, and granting funds to Ellis Hospital. The Foundation established the Fund to issue gift annuity agreements in return for gifts from donors in 1997. The Superintendent of Insurance granted to the Foundation a Charitable Annuity Society special permit on March 7, 2000.

B. Structure

The Fund is overseen by the Foundation's board of trustees. All operations related to the issuance, maintenance, and settlement of annuity agreements are handled by the Fund itself.

C. Assets under the Board of Trustees

As of the December 31, 2024 Internal Revenue Service ("IRS") Form 990, the Foundation's Board of Trustees oversaw an endowment comprising $19,773,544 in total assets. The Fund, as of December 31, 2024, held total admitted assets of $301,460.

D. Third-party Service Providers

Key Bank is the Fund's custodian and investment manager. Key Bank handles investments, makes benefit payments to annuitants, prepares quarterly financials, and ensures the proper calculation of reserves. K2N Advisors and CPAs also assists in preparing the annual statement, portfolio valuation, and actuarial reserve reports.

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 Foundation prepared and provided an investment policy statement ("IPS") for the Fund. The Fund adopted it as its IPS.

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 AND 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, 2019	December 31, 2024	(Decrease)
Admitted assets	$586,169	$301,460	$(284,709)
Liabilities	$372,135	$246,749	$(125,386)
Minimum required fund balance	$ 37,214	$ 24,675	$ (12,539)
Excess fund balance (surplus)	176,820	30,037	(146,783)
Total annuity fund balance	$214,034	$ 54,711	$(159,323)
Total liabilities and annuity fund balance	$586,169	$301,460	$(284,709)

The decrease in assets, liabilities, and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 48 with annual payment amounts of $65,125 as of December 31, 2019 to a total of 25 with annual payment amounts of $35,853 as of December 31, 2024.

The Fund's admitted assets, as of December 31, 2024, were invested in equity securities (100%).

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 RECOMMENDATION

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

Item	Description
A	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. During the examination period, all gift annuity agreement forms used contained the appropriate form number, printed on each form issued, as accepted by the Superintendent.

8. RECOMMENDATION

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	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/
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 _____

APPOINTMENT NO. 32778

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:*

ADELIA GBADAMOSI

as a proper person to examine the affairs of the

SEGREGATED GIFT ANNUITY FUND OF THE ELLIS HOSPITAL FOUNDATION, INC.

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 18th day of July, 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT DEPUTY SUPERINTENDENT - LIFE BUREAU