



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-9
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>FOURTH MEMORIAL CHURCH</b>	)	AND ORDER ADOPTING REPORT
	)	OF
	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issuer.	)	_____

**BACKGROUND**

An examination of the financial condition of **FOURTH MEMORIAL CHURCH (FMC)** as of December 31, 2004, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). FMC holds a Washington certificate of exemption to issue charitable gift annuities. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and instructions was transmitted to FMC for its comments on November 1, 2006. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by FMC.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 6 of the report.



## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of and to order FMC to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that FMC may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response to the matters found in the examination.

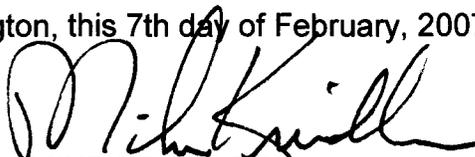
## ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

1. Pursuant to Chapter 48.38 RCW, FMC is ordered to develop and implement a system for accounting and reporting of its financial data to ensure compliance with the principles or practices prescribed or permitted by the OIC. Examination Report, Instruction 1, page 1.
2. FMC is ordered to have in its possession all original annuity contracts issued to annuitants to evidence compliance with RCW 48.03.030 and RCW 48.38.010. Examination Report, Instruction 2, page 2.
3. FMC is ordered to have its financial statements audited by an independent certified public accountant and to file those audited statements in compliance with the OIC Annual Report Instructions pursuant to RCW 48.38.010(10), or to request from the OIC an exemption from the requirement to have a CPA audit performed. Examination Report, Instruction 3, page 2.
4. Pursuant to RCW 24.03.125, FMC is ordered to appoint a president, a vice president, a secretary, and a treasurer and, if necessary, to appropriately revise any corporate documents covering such matters. Examination Report, Instruction 4, page 2.
5. It is ordered that FMC consider developing and implementing a conflict of interest policy which requires all BOE, officers and key employees to sign an annual conflict of interest questionnaire which is reviewed annually by the BOE. Examination Report, Comments and Recommendations 1, page 2.

IT IS FURTHER ORDERED THAT, FMC file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how FMC has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 7th day of February, 2007.



MIKE KREIDLER  
Insurance Commissioner



FOURTH  
M E M O R I A L  
— CHURCH —

RECEIVED

November 29, 2006

Mr. James T. Odiorne, CPA, JD  
Deputy Insurance Commissioner  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

DEC 01 2006  
INSURANCE COMMISSIONER  
COMPANY SUPERVISION

RE: Financial Examination Report of Fourth Memorial Church as of 12/31/04

Dear Mr. Odiorne,

Thank you for sending the above referenced report. I have reviewed this report and agree that the facts presented have been correctly reported.

However, I am surprised that we did not receive this report of the audit done by your office in May, 2005, until recently. We were told by your auditor, Mr. Orlando Gabriel, that we would receive a report of his audit within a reasonable amount of time. But that did not occur.

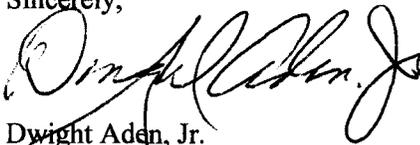
In reference to exception 1 on page 1 of your report, Mr. Gabriel did inform us during or soon after his audit that the way we were accounting and reporting our financial data was not in compliance with practices prescribed by the OIC. In September, 2005, our bookkeeper met with a CPA familiar with Charitable Gift Annuity accounting and has changed our procedures to comply with OIC requirements.

We were unaware of exceptions 2 through 4 listed on pages 1 and 2 of this report. Consequently, we have taken no action to correct these deficiencies.

Since this report became a public document on November 27, 2006, I respectfully ask your guidance for further action on our part. Please keep in mind that we are a church with just two Charitable Gift Annuities in force, and we have no intent to enter into any additional annuity contracts. We have never had audited financial statements, and it would be difficult to justify the additional cost.

For your records, please note that the addressee of your report, Mr. William Jhung, resigned from Fourth Memorial Church in May, 2005. I replaced Mr. Jhung and my title is Business Manager. Thank you for your consideration and patience in this matter.

Sincerely,



Dwight Aden, Jr.  
Business Manager