



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-349
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>SEATTLE SYMPHONY ORCHESTRA</b>	)	AND ORDER ADOPTING REPORT
	)	OF
	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issurer.	)	_____

**BACKGROUND**

An examination of the financial condition of **SEATTLE SYMPHONY ORCHESTRA** (SSO) as of June 30, 2006, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). SSO 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 SSO for its comments on October 29, 2007. SSO's response to the report is attached to this order only for the purpose of providing a 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 SSO.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 8 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 **SEATTLE SYMPHONY ORCHESTRA**

(SSO) and to order SSO to take the actions described in the Instructions and Comments and Recommendations section of the report. The Commissioner acknowledges that SSO 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.

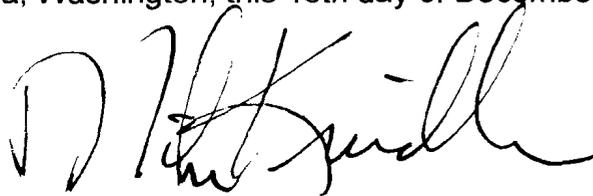
SSO is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-3.

1. SSO is ordered to comply with reporting requirements in accordance with RCW 48.38.010(a) and the OIC Annual Report Instructions. Instruction 1, Examination Report, page 2.
2. SSO is ordered to maintain, at all times, the required \$500,000 of unrestricted net assets to ensure compliance with RCW 48.38.010(6) and RCW 48.38.012. Instruction 2, Examination Report, page 2.
3. SSO is ordered to report the statutory reserve amount as annuity liabilities on its financial statements in compliance with RCW 48.38.020(1) and (3). Instruction 3, Examination Report, page 2.
4. It is ordered that SSO consider coordinating with The Harris Bank to re-issue a new managed agency and custodial agreement reflecting The Harris Bank as the agent and custodian of the annuity investments. Comments and Recommendations 1, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, SSO file with the Chief Examiner, within 90 days of

the date of this order, a detailed report specifying how SSO has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 18th day of December, 2007.

A handwritten signature in black ink, appearing to read "Mike Kreidler", written in a cursive style.

MIKE KREIDLER  
Insurance Commissioner

**RECEIVED** December 4, 2007

DEC 06 2007

INSURANCE COMMISSIONER  
COMPANY SUPERVISIONMr. James T. Odiorne, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
PO Box 40255  
Olympia, WA 98504-0255

Re: Financial Examination Report of Seattle Symphony Orchestra as of December 31, 2006

Dear Mr. Odiorne:

First, thank you for the opportunity to respond to the report as enclosed in your letter of October 29, 2007. I apologize for the delay in responding to you.

There is a typo on the Salutation page; the zip code should be '98101', not '98111'. I have corrected the Management and Control section and have enclosed a page, which shows the corrections. Please feel free to contact me at 206/215-4860 if you have any questions.

In response to the issues raised in the report, the following actions have been taken by the management of the Seattle Symphony:

The Seattle Symphony Foundation has created a Charitable Gift Annuity Program and been approved by the State to offer Charitable Gift Annuities. The Seattle Symphony is currently in the process of moving all charitable gift annuity contracts from the Symphony to the Foundation. This change will –

allow the Foundation to file an appropriate Annual report as specified in Item 1 of the Instruction section (Instruction Item #1);

Ensure that an adequate unrestricted net asset balance is maintained to conform to RCW 48.38.10(6) and RCW 48.38.012 (Instruction Item #2).

The organization is also in the process of purchasing and installing a new accounting system that will facilitate improved record keeping of the Foundation's charitable gift annuity liabilities.

In addition a new agreement will be developed with The Harris Bank to ensure appropriate documentation in on file.

Sincerely,

Lisa A. Yamilkoski  
Chief Financial Officer

Enclosure: Corrections to Management and Control page

cc: Mr. Michael Jordan, via email

200 UNIVERSITY STREET  
P.O. BOX 21906  
SEATTLE, WA 98111-3906  
206.215.4700  
206.215.4701 FAXGERARD SCHWARZ  
MUSIC DIRECTORTHOMAS PHILLON  
EXECUTIVE DIRECTOR

\* = The 2006 balances included examination adjustments ( See Financial Statements)

**AFFILIATED ORGANIZATIONS**

SSO's affiliates include: the Foundation, a separate Washington nonprofit corporation, formed in 1986 to aid and support SSO; and BHMC, a Washington nonprofit corporation, formed to manage the development and construction of the new concert hall, and to maintain, operate, and present performances and events at Benaroya Hall.

**MANAGEMENT AND CONTROL**

**Management:** Responsibility for governing SSO is vested in a Board of Directors (BOD) made up of not less than thirty nor more than sixty-nine persons, one third of whom are elected in each year. One-third of the directors in office constitute a quorum. The BOD is elected by members of SSO which are: (1) those persons or entities making a direct monetary contribution during the fiscal year to the Orchestra and (2) voting members of the ArtsFund.

**Board of Directors:** BOD's as of June 30, 2006:

Delete crossed out names

Should be added:

Marco Abbruzzese  
Kathy Adler  
Thomas D. Andersen  
Patricia H. Anderson  
John Atcheson  
Patrice Auld  
~~Hal Borgardner~~  
Phillip A. Boshaw  
~~Gregory P. Bronstein~~  
Alexandra A. Brookshire  
Phyllis M. Byrdwell  
Mike Cave  
Leslie Chihuly  
Robert L. Collett  
Dr. Alexander Clowes

Jeff Gennette  
~~Peter Glidden~~  
Mauricio Gonzalez de la Fuente  
Patty Hall  
Steven R. Hill  
Patricia Holmes  
~~David Hovind~~  
Susan Hutchison  
Robert S. Jaffe  
Samuel Jones  
Edwin C. Laird  
~~Paul Leach~~  
Carolyn Lewis  
Hubert G. Locke  
Nancy Mallinak

Marlys Palumbo  
~~James Raisbeck~~  
Sue Raschella  
Ann Redmond  
Bernice M. Rind  
H. Jon Runstad  
Jeff Sanderson  
Lucas D. Schenck  
Gilbert Scherer  
John A. Schukar  
John F. Shaw, PhD  
~~Evelyn Simpson~~  
Joseph Slattery  
Michael C. Slonski  
~~Steve Tapia~~

Ellsworth Alvard  
Eve Anderson  
Mary Ann Champion  
Fay Chapman  
Richard P. Cooley  
David E. Gannett  
Keith Larson  
Sheila B. Noonan  
Marlys Palumbo  
Leonard Yerkes  
Kay Zatine

Dr. David R. Davis  
Nancy B. Evans  
Barry Forman  
~~David Friedenberg~~  
David Fulton

Jennifer McCausland  
Brian R. McGee  
~~Yoshi Minegishi~~  
~~Marilyn Morgan~~  
Girish Nair

Marcus Tsutakawa  
Christopher J. Voss  
Craig Watjen  
Ron Woodard  
Kathy Wright

**Officers:** Officers as of June 30, 2006:

Paul Meecham

~~Thomas Phillion~~, Executive Director  
Ron Woodard, President  
~~Tim Frazier~~, Chief Financial Officer

Mike Cave, Treasurer  
Bob Collett, Secretary

TRACI  
BOYLE

**Tax Status:** SSO is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code