

STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER



FINANCIAL EXAMINATION  
OF THE CHARITABLE GIFT ANNUITY BUSINESS  
OF  
UNITED WAY OF CLALLAM COUNTY  
PORT ANGELES, WASHINGTON

MARCH 31, 2014

Order No. 15-137  
United Way of Clallam County  
Exhibit A

**SALUTATION**

Seattle, Washington  
March 12, 2015

The Honorable Mike Kreidler, Commissioner  
Washington State Office of the Insurance Commissioner (OIC)  
Insurance Building-Capitol Campus  
302 Sid Snyder Avenue SW, Suite 200  
Olympia, WA 98504

Dear Commissioner Kreidler:

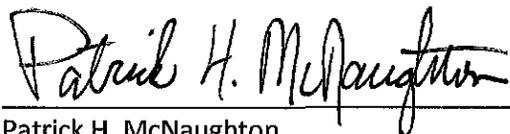
In accordance with your instructions and in compliance with the statutory requirements of Chapter 48.38 RCW, Charitable Gift Annuity Business, an examination was made of the corporate matters and financial records pertaining to the charitable gift annuity (CGA) business of

**United Way of Clallam County**  
of  
Port Angeles, Washington

hereinafter referred to as "UWCC". The examination was performed from our OIC office located at Central Building, 810 Third Avenue, Suite 650, Seattle, WA 98104. All of the information and supporting documentation required to perform this examination were requested via email and sent electronically to our office. This report of examination is respectfully submitted showing the financial condition and related corporate matters of the CGA business of UWCC as of March 31, 2014.

**CHIEF EXAMINER'S AFFIDAVIT**

I hereby certify I have read the attached Report of the Financial Examination of the Charitable Gift Annuity Business of United Way of Clallam County of Port Angeles, Washington. This report shows the financial condition of the CGA business and related corporate matters of United Way of Clallam County as of March 31, 2014.



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Patrick H. McNaughton  
Chief Examiner

5-20-15

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Date

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## **SCOPE OF THE EXAMINATION**

The examination covers the period April 1, 2009 through March 31, 2014. The scope of our examination focused only on the transactions and operations of the CGA business. UWCC's records, along with various aspects of its operating procedures and financial reports, were reviewed and tested during the course of this examination as necessary to substantiate CGA business reporting. The results of the examination are commented upon in the various sections of this report. In addition, UWCC's March 31, 2014 audited financial statements were reviewed and utilized to facilitate efficiency in the examination.

The examination was conducted in accordance with the statutory requirements contained in the Revised Code of Washington (RCW) and the guidelines recommended by the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (FCEH).

The financial examiners reviewed UWCC's CGA OIC Annual Reports as part of the statutory examination. This review was performed to determine if UWCC completed the OIC Annual Reports in accordance with the OIC Annual Report Instructions and to verify that UWCC's accounts and records were prepared and maintained in accordance with RCW 48.38.010(10)(a).

## **INSTRUCTIONS**

NONE

## **COMMENTS AND RECOMMENDATIONS**

NONE

## **ORGANIZATION PROFILE**

### **History**

UWCC was incorporated in 1952 under the name United Good Neighbor Fund of Clallam County and was renamed United Way of Clallam County in 1974.

### **Territory and Plan of Operation**

On November 15, 2000, the OIC granted UWCC a Certificate of Exemption No. 153 to conduct a CGA business in the state of Washington. There were four in-force annuity contracts as of March 31, 2014.

### **Total Net Assets**

UWCC's total net assets as of March 31, 2014 were \$4,256,321. This amount included unrestricted net assets of \$2,384,705. The minimum unrestricted net assets requirement was satisfied pursuant to RCW 48.38.010(6).

## Growth

The growth of UWCC for the past five years, as of March 31, is reflected in the following schedules based on the organization's audited financial statements:

### Schedule 1 – Statement of Financial Position

Year	Assets	Liabilities	Total Net		Temporarily Restricted	Permanently Restricted
			Assets	Unrestricted		
2014	\$5,039,354	\$783,033	\$4,256,321	\$2,384,705	\$1,871,616	\$0
2013	4,843,588	797,457	4,046,131	2,303,271	1,742,860	0
2012	4,543,203	769,812	3,773,391	2,125,950	1,647,441	0
2011	4,558,680	866,959	3,691,721	2,154,078	1,537,643	0
2010	3,184,106	830,785	2,353,321	982,197	1,371,124	0

### Schedule 2 – Statement of Activities and Changes in Net Assets

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total revenues	\$1,252,787	\$1,356,947	\$1,147,137	\$2,338,688	\$1,404,925
Total expenses	<u>1,042,597</u>	<u>1,084,207</u>	<u>1,065,467</u>	<u>1,000,288</u>	<u>983,046</u>
Increase (decrease) in net assets	210,190	272,740	81,670	1,338,400	421,879
Net assets at beginning of year	<u>4,046,131</u>	<u>3,773,391</u>	<u>3,691,721</u>	<u>2,353,321</u>	<u>1,931,442</u>
Net assets at end of year	<u>\$4,256,321</u>	<u>\$4,046,131</u>	<u>\$3,773,391</u>	<u>\$3,691,721</u>	<u>\$2,353,321</u>

Number of gift annuity contracts  
in force

4                      4                      4                      4                      4

### AFFILIATED ORGANIZATIONS

None

### MANAGEMENT AND CONTROL

#### Management

According to the Bylaws, UWCC is governed by a Board of Directors (BOD) consisting of not less than 21, or more than 60 members. The officers of UWCC consist of a president, a vice president, and a treasurer who are elected by the BOD from its membership. The president has general supervision, direction, and control of the affairs of UWCC.

**Board of Directors**

Directors as of March 31, 2014:

John Albiso  
Chrissy Amundson  
Bobby Beeman  
Abby Bohman  
Don Bradley  
Corey Delikat  
Misty Dieffenbach  
Mary Doherty  
Joshua Fox  
Betsy Fulwider  
Greta Gieseke  
Audrey Grafstrom  
Trisha Haggerty

Linty Hopie  
Pam Hunter  
Jo Johnston  
Paul McHugh  
Keith McTigue  
Sarah Methner  
Lisa Meyer  
Larry Morris  
Grant Munro  
Rosemary Newday  
Kate Teefy  
Tammy Rux

**Officers**

Officers as of March 31, 2014:

Don Bradley, President  
Joshua Fox, Vice President  
Betsy Fulwider, Treasurer

**Tax Status**

UWCC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Conflict of Interest**

According to UWCC's Conflict of Interest Policy, all directors and officers are required to disclose any potential conflicts of interest by completing and submitting an annual conflict of interest questionnaire to the president. The president discloses to the BOD all conflicts of interest reported to him or her under this Policy. The BOD evaluates the disclosures to determine whether they involve actual conflicts of interest and may attempt to develop alternatives to remove the conflict from the situation. Based on our review, no exceptions were noted.

**ORGANIZATION RECORDS**

The BOD meets 12 times a year to discuss any business which is pertinent to UWCC. BOD meeting minutes documented the approval of UWCC's transactions and events. No exceptions were noted.

### **SEPARATE RESERVE FUND**

UWCC's separate reserve fund (SRF) was reviewed and found to be in compliance with RCW 48.38.020(2)(a) which requires the SRF assets to be held legally and physically segregated from the other assets of UWCC, and RCW 48.38.010(10)(b) which requires an actuarial opinion to be issued by a qualified actuary relating to annuity reserves. In addition, UWCC was in compliance with RCW 48.38.020(3)(c) which requires UWCC to maintain a SRF balance equal to the actuarial calculation for annuity reserves plus a 10 percent surplus. No exceptions were noted.

### **SUBSEQUENT EVENTS**

There were no additional material events which impacted UWCC between the examination date and the last day of our field work.

### **ACCOUNTING RECORDS AND PROCEDURES**

The records and source documentation supported the data and amounts presented in UWCC's annual reports.

### **FINANCIAL STATEMENTS**

The following financial statements show the financial condition of UWCC as of March 31, 2014:

Statement of Financial Position

Statement of Activities and Changes in Net Assets

**United Way of Clallam County  
Statement of Financial Position  
March 31, 2014**

	<u>Balance Per Annual Report</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>	<u>Notes</u>
<b>Assets</b>				
Cash and cash equivalents	\$842,884	\$0	\$842,884	
Investments	3,692,262		3,692,262	
CGA Investments	123,224		123,224	
Pledge receivables, net	331,946	(16,139)	315,807	1
Insurance policy	14,663	1,222	15,885	1
Property and equipment	2,978	(36)	2,942	1
Other assets	46,350		46,350	
<b>Total Assets</b>	<u>\$5,054,307</u>	<u>(\$14,953)</u>	<u>\$5,039,354</u>	
<b>Liabilities and Net Assets</b>				
Accounts and other payables	\$0	\$749,195	\$749,195	1
CGA liabilities	0	33,838	33,838	1
<b>Total Liabilities</b>	<u>0</u>	<u>783,033</u>	<u>783,033</u>	
<b>Net Assets</b>				
Unrestricted	1,141,126	1,243,579	2,384,705	1
Temporarily restricted	3,913,181	(2,041,565)	1,871,616	1
Permanently restricted	0	0	0	1
<b>Total Net Assets</b>	<u>5,054,307</u>	<u>(797,986)</u>	<u>4,256,321</u>	
<b>Total Liabilities and Net Assets</b>	<u>\$5,054,307</u>	<u>(\$14,953)</u>	<u>\$5,039,354</u>	

**United Way of Clallam County  
Statement of Activities and Changes in Net Assets  
For the Year Ended March 31, 2014**

	<u>Balance Per Annual Report</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>	<u>Notes</u>
Total revenues	\$1,296,989	(\$44,202)	\$1,252,787	1
Total expenses	1,075,480	(32,883)	1,042,597	1
Increase (decrease) in net assets	221,509	(11,319)	210,190	
Net assets at beginning of year	4,832,798	(786,667)	4,046,131	1
<b>Net assets at end of year</b>	<u>\$5,054,307</u>	<u>(\$797,986)</u>	<u>\$4,256,321</u>	

**NOTES TO THE FINANCIAL STATEMENTS**

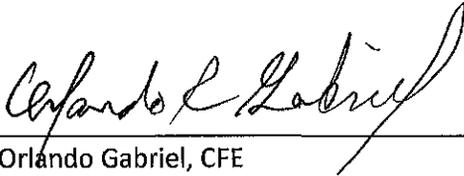
1. To reflect generally accepted accounting principles adjustments and corrections from the unaudited estimated financial information that was reported to the OIC prior to completion of the audited financial statements.

**ACKNOWLEDGMENT**

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of United Way of Clallam County during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner and Susan Campbell, CPA, CFE, FLMI, ARA, Life and Disability Field Supervising Examiner, both from the Washington State Office of the Insurance Commissioner, participated in the examination and in the preparation of this report.

Respectfully submitted,



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Orlando Gabriel, CFE  
Examiner-in-Charge  
State of Washington

