



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. 15-134
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>YMCA OF THE INLAND NORTHWEST</b>	)	AND ORDER ADOPTING REPORT
	)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

**BACKGROUND**

An examination of the financial condition of **YMCA OF THE INLAND NORTHWEST** (YMCA) as of December 31, 2013 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). YMCA 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 (see Exhibit A) was transmitted to YMCA for its comments on March 20, 2015. YMCA's response to the report is attached to this order (see Exhibit B) only for the purpose of a more convenient review of the response.

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

Subject to the right of YMCA to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**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 **YMCA OF THE INLAND NORTHWEST** and to order YMCA to take the actions described in the Instructions section of the report. The Commissioner acknowledges that YMCA may have implemented the Instruction prior to the date of this order. The Instruction in the report is an appropriate response to the matters found in the examination.

## ORDER

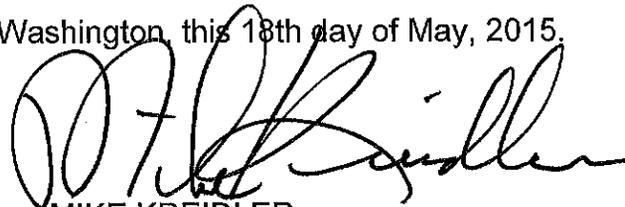
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

YMCA is ordered as follows, this being the Instruction contained in the examination report on page 1.

1. YMCA is ordered to comply with RCW 48.38.020(2)(a) by legally and physically segregating the separate reserve fund from the assets of its affiliates. Instruction 1, Examination Report, page 1.

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

ENTERED at Olympia, Washington, this 18th day of May, 2015.



MIKE KREIDLER  
Insurance Commissioner



FOR YOUTH DEVELOPMENT®  
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FOR SOCIAL RESPONSIBILITY

April 8, 2015

Deputy Insurance Commissioner William Michels

5000 Capitol Blvd

Tumwater, WA 98501

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Insurance Commissioner  
Company Supervision

Dear Deputy Commissioner Michels,

I have reviewed the report draft accompanying your letter dated March 20, 2015. I believe the report is correct and accurately reflects findings communicated to me by Susan Campbell and Zairina Othman.

I would recommend that Holly Montgomery, Chairman, be included in the list of Officers in the Management and Control section of the report.

I would also ask that reconsideration be given to the findings related to our treatment of the reserve fund. As indicated in the report and based on my discussions with Susan Campbell and Zairina Othman I understand the assets of the Charitable Gift Annuity contracts are to be held in a separate reserve fund and separate from assets of our affiliates. We did indeed keep the assets in a separate fund. However, in our particular situation we held the assets in a separate fund in the name of the YMCA Endowment Fund rather than the YMCA. This was done because the YMCA has a memo of understanding with the Endowment that all gifts to the YMCA are to be directed to the Endowment. Further, the Articles of Incorporation and Bylaws of the Endowment clearly indicate the purpose of the Endowment is to "receive, invest, and administer property and to make expenditures to or for the benefit of the YMCA..." As a result of the contractual agreement, we reflected the annuity funds under that entity for accounting and reporting purposes. We then reported the assets for both entities in a combined manner for audit purposes, reporting treatment that has been affirmed by our auditors with CliftonLarsonAllen as recently as last week.

I appreciate your consideration of the matters indicated above. I also appreciate the manner in which Susan Campbell and Zairina Othman conducted the examination. They were professional at all times and made every effort to minimize the work required on the part of our staff to complete the exam.

Thank you in advance for your consideration.

Sincerely,

Alan Leshner

Chief Financial Officer

Enclosures: Endowment Memo of Understanding  
Endowment Articles of Incorporation  
Endowment Bylaws