



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

No. 12-09

The Financial Examination of)
THE SEATTLE FOUNDATION)

) FINDINGS, CONCLUSIONS,
) AND ORDER ADOPTING REPORT
) OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

BACKGROUND

An examination of the financial condition of **THE SEATTLE FOUNDATION** (TSF) as of December 31, 2010 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). TSF 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, instructions, and recommendations was transmitted to TSF for its comments on December 14, 2011. TSF's response to the report is attached to this order 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 TSF.

Subject to the right of TSF 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 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 **THE SEATTLE FOUNDATION** and to order TSF to take the actions described in the Instructions section of the report. The Commissioner acknowledges that TSF may have implemented some of the Instructions prior to the date of this order. The Instructions in the report are appropriate responses to the matters found in the examination.

ORDER

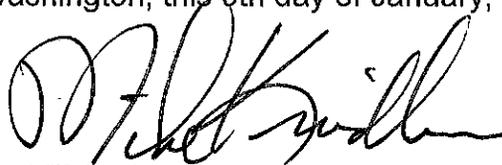
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

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

1. TSF is ordered to comply with RCW 48.38.010(10)(a) and the OIC Annual Report Instructions by only including the certificate of exemption holder in the annual report submitted to the OIC. Instruction 1, Examination Report, page 1.

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

ENTERED at Olympia, Washington, this 9th day of January, 2012.



MIKE KREIDLER
Insurance Commissioner

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December 15, 2011

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

Dear Mr. Odiorne:

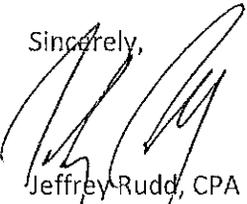
The Seattle Foundation (the "Foundation") has reviewed and agrees to the exam finding of the Washington State Office of Insurance Commissioner (the "OIC") that requires certain adjustments to the Foundation's 2010 Annual Report of Exempt Organizations Issuing Charitable Gift Annuities (the "Annual Report"), to reflect the Foundation's financial data only.

In accordance with generally accepted accounting principles, the Foundation prepares consolidated financial statements that include the financial data of its affiliated organizations that are under the Foundation's control (the "supporting organizations"). It has been the established practice of the Foundation to file its Annual Report with the OIC based on the Foundation's consolidated financial information. The Foundation has consistently filed a complete copy of its Audited Consolidated Statements and IRS Form 990 annually, as required by the OIC. At no time, until this 2011 OIC report of examination, has the accuracy of the Foundation's Annual Report or the reporting practices of the Foundation been questioned.

In addition, in 2005, the Foundation underwent a comprehensive financial examination of its Annual Report of Exempt Organizations Issuing Gift Annuities for the five year period covering January 1, 1999 through December 31, 2003. According to the Instructions in the report of the financial examination as of December 31, 2003: "The examiners reviewed TSF's Annual Reports as part of the statutory examination. This review was performed to determine if TSF completed the Annual Reports in accordance with the Annual Report Instructions published by the OIC and to verify that TSF's accounts and records were prepared and maintained in accordance with Chapter 48.38 RCW." Although the Foundation presented its financial statements on a consolidated basis with its supporting organizations for the examination period January 1, 1999 through December 31, 2003, the OIC did not issue any instructions, comments or recommendations as a result of its examination.

Now that management has been made aware of the OIC's position that the financial information provided in the Annual Report should not include the consolidated financial data of the Foundation's supporting organizations, the Foundation's financial reporting practices to the OIC will be adjusted accordingly.

Sincerely,


Jeffrey Rudd, CPA
CFO/VP

Your gift. Your community.

RECEIVED

DEC 19 2011

INSURANCE COMMISSIONER
COMPANY SUPERVISOR