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

Central Washington University Foundation  
of  
Ellensburg, Washington

hereinafter referred to as “CWUF”. 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 CWUF as of June 30, 2014.

Patrick H. McNaughton
Chief Examiner

June 15, 2015

Date
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SCOPE OF THE EXAMINATION

The examination covers the period July 1, 2009 through June 30, 2014. The scope of our examination focused only on the transactions and operations of the CGA business. CWUF’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, CWUF’s June 30, 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 CWUF’s CGA OIC Annual Reports as part of the statutory examination. This review was performed to determine if CWUF completed the OIC Annual Reports in accordance with the OIC Annual Report Instructions and to verify that CWUF’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
Established in 1968, CWUF is an independent, privately governed, non-profit corporation. The mission of CWUF is to support Central Washington University’s educational programs.

Territory and Plan of Operation
On December 30, 2004, the OIC granted CWUF a Certificate of Exemption No. 261 to conduct a CGA business in the state of Washington. There were four in-force annuity contracts as of June 30, 2014, of which three were issued in the state of Washington.

Total Net Assets
CWUF’s total net assets as of June 30, 2014 were $23,913,365. This amount included unrestricted net assets of $1,941,606. The minimum unrestricted net assets requirement was satisfied pursuant to RCW 48.38.010(6).

Growth
The growth of CWUF for the past five years, as of June 30, is reflected in the following schedules based on the organization’s audited financial statements:
Schedule 1 – Statement of Financial Position

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Total Net Assets</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$24,296,738</td>
<td>$383,373</td>
<td>$23,913,365</td>
<td>$1,941,606</td>
<td>$9,489,461</td>
<td>$12,482,298</td>
</tr>
<tr>
<td>2013</td>
<td>20,624,291</td>
<td>197,677</td>
<td>20,426,614</td>
<td>1,318,124</td>
<td>7,291,988</td>
<td>11,816,502</td>
</tr>
<tr>
<td>2012</td>
<td>18,571,349</td>
<td>287,684</td>
<td>18,283,665</td>
<td>979,766</td>
<td>5,921,933</td>
<td>11,381,966</td>
</tr>
<tr>
<td>2011</td>
<td>18,324,467</td>
<td>288,164</td>
<td>18,036,303</td>
<td>914,766</td>
<td>6,230,390</td>
<td>10,891,147</td>
</tr>
<tr>
<td>2010</td>
<td>15,655,030</td>
<td>187,018</td>
<td>15,468,012</td>
<td>417,587</td>
<td>4,556,186</td>
<td>10,494,239</td>
</tr>
</tbody>
</table>

Schedule 2 – Statement of Activities and Changes in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$5,991,431</td>
<td>$4,257,296</td>
<td>$2,468,287</td>
<td>$5,381,683</td>
<td>$3,769,229</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,504,680</td>
<td>2,114,347</td>
<td>2,220,925</td>
<td>2,366,668</td>
<td>2,061,659</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>3,486,751</td>
<td>2,142,949</td>
<td>247,362</td>
<td>3,015,015</td>
<td>1,707,570</td>
</tr>
<tr>
<td>Other changes in net assets</td>
<td>(446,724)</td>
<td>446,724</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>20,426,614</td>
<td>18,283,665</td>
<td>18,036,303</td>
<td>15,468,012</td>
<td>13,313,718</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$23,913,365</td>
<td>$20,426,614</td>
<td>$18,283,665</td>
<td>$18,035,303</td>
<td>$15,468,012</td>
</tr>
</tbody>
</table>

Number of gift annuity contracts in force

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

**AFFILIATED ORGANIZATIONS**

None

**MANAGEMENT AND CONTROL**

**Management**

CWUF is governed by a Board of Directors (BOD) consisting of not less than 16 members. The officers of CWUF consist of a chair, a vice chair, a secretary, and a treasurer who are elected by the BOD from its membership. The BOD appointed an executive director who performs such duties as the board may prescribe.
Board of Directors
Directors as of June 30, 2014:

Bradley Fitterer, Chair
Robert Nellams, Vice Chair
Kevin Malone, Secretary
Patricia Galloway, Treasurer
Joe Adams
John Delaney
Ed Duval
Katherine Elser
James Gaudino

Officers
Officers as of June 30, 2014:

Bradley Fitterer, Chair
Robert Nellams, Vice Chair
Kevin Malone, Secretary
Patricia Galloway, Treasurer
Scott Wade, Executive Director

Tax Status
CWUF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income.

Conflict of Interest
BOD members are required to complete and provide an annual conflict of interest disclosure statement to the board chair, executive director, and other directors for review and approval. Formal procedures exist for remedying conflicts of interest. Based on our review, no exceptions were noted.

ORGANIZATION RECORDS

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

SEPARATE RESERVE FUND

CWUF’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 CWUF, 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, CWUF was in compliance with RCW 48.38.020(3)(c) which requires CWUF 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 CWUF 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 CWUF’s annual reports.

FINANCIAL STATEMENTS

The following financial statements show the financial condition of CWUF as of June 30, 2014:

Statement of Financial Position
Statement of Activities and Changes in Net Assets


Central Washington University Foundation  
Statement of Financial Position  
June 30, 2014

<table>
<thead>
<tr>
<th>Assets</th>
<th>Balance Per Annual Report</th>
<th>Examination Adjustments</th>
<th>Balance Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$470,867</td>
<td>$0</td>
<td>$470,867</td>
</tr>
<tr>
<td>Investments, securities</td>
<td>22,812,529</td>
<td>22,812,529</td>
<td></td>
</tr>
<tr>
<td>CGA Investments</td>
<td>168,131</td>
<td>168,131</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>845,211</td>
<td></td>
<td>845,211</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$24,296,738</td>
<td>$0</td>
<td>$24,296,738</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CGA Liabilities</td>
<td>$51,500</td>
<td>$0</td>
<td>$51,500</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>331,873</td>
<td></td>
<td>331,873</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>383,373</td>
<td>0</td>
<td>383,373</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>1,941,606</td>
<td>0</td>
<td>1,941,606</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>9,489,461</td>
<td></td>
<td>9,489,461</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>12,482,298</td>
<td></td>
<td>12,482,298</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$23,913,365</td>
<td>0</td>
<td>$23,913,365</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$24,296,738</td>
<td>$0</td>
<td>$24,296,738</td>
</tr>
</tbody>
</table>

Central Washington University Foundation  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Balance Per Annual Report</th>
<th>Examination Adjustments</th>
<th>Balance Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$5,991,431</td>
<td>$0</td>
<td>$5,991,431</td>
</tr>
<tr>
<td>Total expenses</td>
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<td></td>
<td>2,504,680</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>3,486,751</td>
<td>0</td>
<td>3,486,751</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>20,426,614</td>
<td></td>
<td>20,426,614</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$23,913,365</td>
<td>$0</td>
<td>$23,913,365</td>
</tr>
</tbody>
</table>
ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Central Washington University Foundation 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,

[Signature]
Orlando Gabriel, CFE
Examiner-in-Charge
State of Washington
STATE OF WASHINGTON } 
} ss
COUNTY OF KING } 

Orlando Gabriel, being duly sworn, deposes and says that the foregoing report subscribed by him is true to the best of his knowledge and belief.

He attests that the examination of the Charitable Gift Annuity business of Central Washington University Foundation was performed in a manner consistent with the standards and procedures required or prescribed by the Washington State Office of the Insurance Commissioner and the National Association of Insurance Commissioners.

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

Subscribed and sworn to before me this 15th day of June, 2015.

Notary Public in and for the State of Washington