

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER



FINANCIAL EXAMINATION
OF THE CHARITABLE GIFT ANNUITY BUSINESS
OF
CLARK COMMUNITY COLLEGE DISTRICT 14 FOUNDATION
VANCOUVER, WASHINGTON

JUNE 30, 2014

Order No. 15-145
Clark Community College District 14 Foundation
Exhibit A

SALUTATION

Seattle, Washington
March 9, 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

Clark Community College District 14 Foundation
of
Vancouver, Washington

hereinafter referred to as "CCCDF". 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 CCCDF as of June 30, 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 Clark Community College District 14 Foundation of Vancouver, Washington. This report shows the financial condition of the CGA business and related corporate matters of Clark Community College District 14 Foundation as of June 30, 2014.



Patrick H. McNaughton
Chief Examiner

6-2-15

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. CCCDF'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.

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 CCCDF's CGA OIC Annual Reports as part of the statutory examination. This review was performed to determine if CCCDF completed the OIC Annual Reports in accordance with the OIC Annual Report Instructions and to verify that CCCDF'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

CCCDF was incorporated on July 25, 1973. The purpose of CCCDF is to provide fundraising for facilities, programs, and student needs at Clark College.

Territory and Plan of Operation

On September 26, 1994, the OIC granted CCCDF a Certificate of Exemption No. 57 to conduct a CGA business in the state of Washington. There were four in-force annuity contracts as of June 30, 2014.

Total Net Assets

CCCDF's total net assets as of June 30, 2014 were approximately \$85 million. This amount included unrestricted net assets of approximately \$25 million. The minimum unrestricted net assets requirement was satisfied pursuant to RCW 48.38.010(6).

Growth

The growth of CCCDF 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 (In Thousands)

Year	Assets	Liabilities	Total Net		Temporarily Restricted	Permanently Restricted
			Assets	Unrestricted		
2014	\$90,645	\$5,765	\$84,880	\$25,099	\$11,470	\$48,311
2013	75,907	1,623	74,284	20,093	10,852	43,339
2012	71,710	1,586	70,124	11,538	17,333	41,253
2011	70,748	1,573	69,175	11,867	15,881	41,427
2010	64,040	1,216	62,824	10,713	13,968	38,143

Schedule 2 – Statement of Activities and Changes in Net Assets (In Thousands)

	2014	2013	2012	2011	2010
Total revenues	\$17,540	\$7,807	\$4,452	\$10,507	\$6,608
Total expenses	6,943	3,649	3,504	4,156	3,056
Increase (decrease) in net assets	10,597	4,158	948	6,351	3,552
Other changes in net assets	(1)	2	1		(1)
Net assets at beginning of year	74,284	70,124	69,175	62,824	59,273
Net assets at end of year	<u>\$84,880</u>	<u>\$74,284</u>	<u>\$70,124</u>	<u>\$69,175</u>	<u>\$62,824</u>
Number of gift annuity contracts in force	4	4	4	4	3

AFFILIATED ORGANIZATIONS

CCCDF does not have any affiliates.

MANAGEMENT AND CONTROL

Management

According to the Amended and Restated Bylaws, CCCDF is governed by a Board of Directors (BOD) consisting of not less than 16 or more than 24 members. The officers of CCCDF consist of a chairperson, a vice chairperson, a president, a secretary, and a treasurer.

Board of Directors

Directors as of June 30, 2014:

Greg Wallace – Chair	Keith Koplan
Jane Schmid-Cook	Tim Leavitt
Bruce Davidson	Cheree Nygard
Larry Easter	Doug Palin, Jr.
Jeanne Firstenburg	Sherry Parker
Edward Geiger	Newt Rumble
Lisa Gilbert	Rekah Strong
T. Randall Grove, Esq.	Nanette (Scarpelli) Walker
Glen Hollar	Christine Wamsley
Bob Knight	George Welsh

Officers

Officers as of June 30, 2014:

Lisa Gilbert	President
Daniel Rogers	Secretary
Keith Koplan	Treasurer

Tax Status

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

Conflict of Interest

According to the BOD Conflict of Interest Policy, each board member has an obligation to complete and sign a conflict of interest questionnaire on an annual basis to disclose all actual, apparent, or potential conflict of interest. The executive committee reviews all conflict of interest questionnaires; makes a finding as to whether a conflict of interest exists; and, makes recommendations as to how the conflict of interest should be addressed. No exceptions were noted.

ORGANIZATION RECORDS

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

SEPARATE RESERVE FUND

CCCDF'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 CCCDF, 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, CCCDF was in compliance with RCW 48.38.020(3)(c)

which requires CCCDF 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 CCCDF 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 CCCDF's annual reports.

FINANCIAL STATEMENTS

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

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

Clark Community College District 14 Foundation
Statement of Financial Position
June 30, 2014
(In Thousands)

	<u>Balance Per Annual Report</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
Assets			
Cash and cash equivalents	\$517	\$0	\$517
CGA Investments	200		200
Other Investments	72,843		72,843
Other assets	17,085		17,085
Total Assets	<u>\$90,645</u>	<u>\$0</u>	<u>\$90,645</u>
Liabilities and Net Assets			
CGA liabilities	\$64	\$0	\$64
Other liabilities	5,701		5,701
Total Liabilities	<u>5,765</u>	<u>0</u>	<u>5,765</u>
Net Assets			
Unrestricted	25,099	0	25,099
Temporarily restricted	11,470		11,470
Permanently restricted	48,311		48,311
Total Net Assets	<u>84,880</u>	<u>0</u>	<u>84,880</u>
Total Liabilities and Net Assets	<u>\$90,645</u>	<u>\$0</u>	<u>\$90,645</u>

Clark Community College District 14 Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2014
(In Thousands)

	<u>Balance Per Annual Report</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
Total revenues	\$17,540	\$0	\$17,540
Total expenses	6,943		6,943
Increase (decrease) in net assets	10,597	0	10,597
Other changes in net assets	(1)		(1)
Net assets at beginning of year	74,284		74,284
Net assets at end of year	<u>\$84,880</u>	<u>\$0</u>	<u>\$84,880</u>

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Clark Community College District 14 Foundation during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner, from the Washington State Office of the Insurance Commissioner, participated in the examination and in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Susan Campbell". The signature is written in black ink and is positioned above a horizontal line.

Susan Campbell, CPA, CFE/FLMI, ARA
Life Field Supervising Examiner
State of Washington

