



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 15-196
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
COMMUNITY FOUNDATION OF)	AND ORDER ADOPTING REPORT
NORTH CENTRAL WASHINGTON)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

BACKGROUND

An examination of the financial condition of **COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON** (CFNCW) as of June 30, 2014 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). CFNCW 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 CFNCW for its comments on June 8, 2015. CFNCW'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 CFNCW.

Subject to the right of CFNCW 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 **COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON** and to order CFNCW to take the actions described in the Instructions section of the report. The Commissioner acknowledges that CFNCW may have implemented the Instruction 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. CFNCW is ordered as follows, these being the Instructions contained in the examination report on page 1.

1. CFNCW is ordered to comply with RCW 48.38.10(10)(a) and the OIC Annual Report Instructions, and to maintain accurate accounts and records to support the amounts reported to the OIC. CFNCW is also ordered to comply with RCW 48.03.030(1) which requires the organization to make freely accessible its accounts, records, documents, and files to facilitate the examination. Instruction 1, Examination Report, page 1.
2. Pursuant to RCW 48.38.030, CFNCW is ordered to adhere to the terms of the annuity contract requirements that specify the exact amount of annuity to be paid and the timing of the payments. Instruction 2, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 25th day of August, 2015.


MIKE KREIDLER
Insurance Commissioner

July 30, 2015

James Odlorne, CPA, JD
Chief Deputy Insurance Commissioner
PO Box 40255
Olympia WA 98504-0255

BOARD OF TRUSTEES

Diane Carson
Bart Clennon
Betsy Cushman
Lisa Day

Dear Mr. Odlorne,

According to the *Financial Examination of the Charitable Gift Annuity Business of Community Foundation of North Central Washington* by the Office of the Insurance Commissioner, page one "The scope of our examination focused only on the transactions and operations of the CGA business". The CGA business of the Community Foundation of North Central Washington (CFNCW) has an historical total of 5 annuity contracts. During the examination, one annuitant passed away and the remaining 4 annuity contracts total approximately \$115,000.00.

Claudia DeRobles
Elmira Forner
Jane Gilbertsen
Nan Croff

CFNCW spent dozens of staff hours attempting to provide the examiner any and all documentation that was requested during this audit, including annual independently audited statements, annual reports provided to the Washington State Office of the Insurance Commission and prepared by an outside actuary PG Calc, all surveys and disclosure documents sent by the examiner, as well as numerous internal financial and procedural documents. **CFNCW respectfully disagrees with the examiner's accusation that we failed to cooperate in the reconciliation of the accounts.** If in fact, the examiner is looking solely at the CGA business of the Foundation, we are at a total loss as to why they cannot reconcile the \$115,000 account with the information provided.


John Hamilton
Deborah Hartl
Craig Hornchick
Ken Jackson

With regard to the annuitant that was paid annually instead of quarterly, as recommended by the examiner, the change in payment frequency was updated to adhere to the terms of the contract.

Mary Lou Johnson
Danielle Marchant
Ken Marson
Jeff Ostenson

The Foundation operates at the highest level of integrity, transparency and accuracy. The State of Washington Office of Insurance Commission should be assured by this examination that all annuitants are being compensated accurately, assets are held separately and adequately funded and no mismanagement is present.

Katie Kavanaugh Pauly
Steve Robinson
Eliot Scull
Ron Skagen

Sincerely,

Beth Stipe
Executive Director

Order No. 15-196
Community Foundation of North Central Washington
Exhibit B

Gil Sparks
Mark Spurgeon
Mike Stancl
Mike Steele
Peter Valaas
Darci Waterman
Anne White

Beth A. Stipe
Executive Director
Russell J. Speidel
Counsel

