STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

FINANCIAL EXAMINATION
OF THE CHARITABLE GIFT ANNUITY BUSINESS
OF
TRINITY WESTERN UNIVERSITY FOUNDATION - U.S.
LYNDEN, WASHINGTON
DECEMBER 31, 2013

Order No. 15-186
Trinity Western University Foundation - U.S.
Exhibit A
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

Trinity Western University Foundation - U.S.
of
Lynden, Washington

hereinafter referred to as “TWUF”. 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 TWUF as of December 31, 2013.
CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Financial Examination of the Charitable Gift Annuity Business of Trinity Western University Foundation - U.S. of Lynden, Washington. This report shows the financial condition of the CGA business and related corporate matters of Trinity Western University Foundation - U.S. as of December 31, 2013.

Patrick H. McNaughton
Chief Examiner

7-22-15
Date
SCOPE OF THE EXAMINATION

The examination covers the period January 1, 2009 through December 31, 2013. The scope of our examination focused only on the transactions and operations of the CGA business. TWUF’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, TWUF’s December 31, 2013 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 TWUF’s CGA OIC Annual Reports as part of the statutory examination. This review was performed to determine if TWUF completed the OIC Annual Reports in accordance with the OIC Annual Report Instructions and to verify that TWUF’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
TWUF was established in 1980. The purpose of TWUF is to provide fundraising for the benefit of Trinity Western University (TWU) in Langley, British Columbia, Canada.

Territory and Plan of Operation
On February 23, 1993, the OIC granted Trinity Western University Foundation - U.S. a Certificate of Exemption No. 46 to conduct a CGA business in the state of Washington. There were 32 in-force annuity contracts as of December 31, 2013.

Total Net Assets
TWUF’s total net assets as of December 31, 2013 were $1,823,833. This amount included unrestricted net assets of $687,097. The minimum unrestricted net assets requirement was satisfied pursuant to RCW 48.38.010(6).
Growth  
The growth of TWUF for the past five years is reflected in the following schedules:

**Schedule 1 – Statement of Financial Position**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Total Net Assets</th>
<th>Temporary Restricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$3,789,227</td>
<td>$1,965,394</td>
<td>$1,823,833</td>
<td>$687,097</td>
<td>$1,136,736</td>
</tr>
<tr>
<td>2012</td>
<td>3,060,655</td>
<td>1,712,402</td>
<td>1,348,253</td>
<td>701,744</td>
<td>646,509</td>
</tr>
<tr>
<td>2011</td>
<td>2,874,356</td>
<td>1,673,581</td>
<td>1,200,775</td>
<td>622,098</td>
<td>578,677</td>
</tr>
<tr>
<td>2010</td>
<td>2,883,216</td>
<td>1,667,379</td>
<td>1,215,837</td>
<td>645,089</td>
<td>570,748</td>
</tr>
<tr>
<td>2009</td>
<td>2,821,056</td>
<td>1,721,653</td>
<td>1,099,403</td>
<td>522,907</td>
<td>576,496</td>
</tr>
</tbody>
</table>

**Schedule 2 – Statement of Activities and Changes in Net Assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$1,460,482</td>
<td>$903,776</td>
<td>$1,195,731</td>
<td>$932,727</td>
<td>$1,196,916</td>
</tr>
<tr>
<td>Total expenses</td>
<td>984,902</td>
<td>756,298</td>
<td>1,210,793</td>
<td>816,293</td>
<td>856,524</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>475,580</td>
<td>147,478</td>
<td>(15,062)</td>
<td>116,434</td>
<td>340,392</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>1,348,253</td>
<td>1,200,775</td>
<td>1,215,837</td>
<td>1,099,403</td>
<td>759,011</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$1,823,833</td>
<td>$1,348,253</td>
<td>$1,200,775</td>
<td>$1,215,837</td>
<td>$1,099,403</td>
</tr>
</tbody>
</table>

Number of gift annuity contracts in force: 32, 33, 35, 37, 40

**AFFILIATED ORGANIZATIONS**

TWUF receives support from TWU and provides donations to TWU when requested. TWU is a private, Christian liberal arts university in Langley, British Columbia, Canada.

**MANAGEMENT AND CONTROL**

Management  
According to the restated Bylaws, TWUF is governed by a Board of Directors (BOD) of no less than five members. The President of TWU is a permanent Director and the remaining BOD members are appointed for three-year terms of office and may serve up to three consecutive terms.
**Board of Directors**
Directors as of December 31, 2013:

Daryl Brennick  
Dave Enfield  
Herman Fransen  
Bill Haney  
John Kroontje  
Bob Kuhn  
Garry Montgomery  
Jonathan Raymond  
Chuck Scheuffele  
Viola Unger  
Russ Unrein

**Officers**
Officers as of December 31, 2013:

Herman Fransen, President  
Daryl Brennick, Vice President  
John Kroontje, Secretary  
Bill Haney, Treasurer  
Ron Hendricks, Managing Director  
Inga Warmock, Executive Director  
Paul Weme, VP of Development

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

**Conflict of Interest**
Members of the BOD and key employees of TWUF are required annually to acknowledge receipt of and adherence to the Community Covenant Agreement, which serves as a conflict of interest statement. Based on our review, no exceptions were noted.

**ORGANIZATION RECORDS**
The BOD meets twice annually to discuss any business which is pertinent to TWUF. BOD meeting minutes documented the approval of TWUF’s transactions and events. No exceptions were noted.
SEPARATE RESERVE FUND

TWUF'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 TWUF, 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, TWUF was in compliance with RCW 48.38.020(3)(c) which requires TWUF to maintain a SRF balance equal to the actuarial calculation for annuity reserves plus a 10 percent surplus. No exceptions were noted.

SUBSEQUENT EVENTS

On February 28, 2015, TWUF filed the OIC 2014 Annual Report showing its unrestricted net assets in the amount of $495,683. This amount is below the minimum unrestricted net assets of $500,000 required to be maintained by TWUF under RCW 48.38.010(6). As a result, the OIC suspended TWUF's Certificate of Exemption on March 6, 2015.

ACCOUNTING RECORDS AND PROCEDURES

The records and source documentation supported the data and amounts presented in TWUF's annual reports.

FINANCIAL STATEMENTS

The following financial statements show the financial condition of TWUF as of December 31, 2013:

Statement of Financial Position
Statement of Activities and Changes in Net Assets
<table>
<thead>
<tr>
<th></th>
<th>Balance Per Annual Report</th>
<th>Examination Adjustments</th>
<th>Balance Per Examination</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$144,959</td>
<td>0</td>
<td>$144,959</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>2,899,257</td>
<td></td>
<td>2,899,257</td>
<td></td>
</tr>
<tr>
<td>CGA Investments</td>
<td>744,722</td>
<td></td>
<td>744,722</td>
<td></td>
</tr>
<tr>
<td>Equipment-net</td>
<td>361</td>
<td>(72)</td>
<td>289</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$3,789,299</td>
<td>($72)</td>
<td>$3,789,227</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitrust distributions payable</td>
<td>$16,098</td>
<td>(10,573)</td>
<td>$5,525</td>
<td>1</td>
</tr>
<tr>
<td>Payroll taxes payable</td>
<td>1,852</td>
<td></td>
<td>1,852</td>
<td></td>
</tr>
<tr>
<td>Due to Trinity Western University</td>
<td>51,165</td>
<td>6,320</td>
<td>57,485</td>
<td>1</td>
</tr>
<tr>
<td>Net annuity due to other organizations</td>
<td>147,878</td>
<td>6,648</td>
<td>154,526</td>
<td>1</td>
</tr>
<tr>
<td>Net annuity due to Trinity Western University</td>
<td>137,407</td>
<td></td>
<td>137,407</td>
<td></td>
</tr>
<tr>
<td>Unitrust contributions due to others</td>
<td>170,831</td>
<td>(4,440)</td>
<td>166,391</td>
<td>1</td>
</tr>
<tr>
<td>Gift annuities reserve</td>
<td>582,739</td>
<td>(31,619)</td>
<td>551,120</td>
<td>1</td>
</tr>
<tr>
<td>Unitrust reserve</td>
<td>601,709</td>
<td>289,685</td>
<td>891,394</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,709,673</td>
<td>255,721</td>
<td>1,965,394</td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>765,577</td>
<td>(78,480)</td>
<td>687,097</td>
<td>1</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>1,314,049</td>
<td>(177,313)</td>
<td>1,136,736</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>2,079,626</td>
<td>(255,793)</td>
<td>1,823,833</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$3,789,299</td>
<td>0</td>
<td>$3,789,227</td>
<td></td>
</tr>
</tbody>
</table>
Trinity Western University Foundation - U.S.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Balance Per</th>
<th>Examination Adjustments</th>
<th>Balance Per</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Report</td>
<td></td>
<td>Examination</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$1,691,775</td>
<td>($231,293)</td>
<td>$1,460,482</td>
<td>1</td>
</tr>
<tr>
<td>Total expenses</td>
<td>960,402</td>
<td>25,900</td>
<td>984,902</td>
<td>1</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>731,373</td>
<td>(255,793)</td>
<td>475,580</td>
<td>1</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>1,348,253</td>
<td></td>
<td>1,348,253</td>
<td></td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$2,079,626</td>
<td>($255,793)</td>
<td>$1,823,833</td>
<td></td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS

Examination adjustments to the TWUF’s financial statements are as follows:

1. To reflect the certified public accountant’s audit adjustments made after the OIC Annual Report filing.
ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Trinity Western University Foundation - U.S. during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner and Tarik Subbagh, CPA, CFE, MSBA, Property & Casualty 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]

James R. Gill, CPA, MBA
Financial Examiner
State of Washington
AFFIDAVIT

STATE OF WASHINGTON } ss
COUNTY OF KING }}

James R. Gill, 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 Trinity Western University Foundation - U.S. 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.

James R. Gill, CPA, MBA
Financial Examiner
State of Washington

Subscribed and sworn to before me this 22nd day of July, 2015.

Notary Public in and for the State of Washington