MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-190
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
GONZAGA UNIVERSITY	)	AND ORDER ADOPTING REPORT
	)	OF
	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issurer.		

BACKGROUND

An examination of the financial condition of **GONZAGA UNIVERSITY** (GU) as of December 31, 2005, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). GU 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 and instructions was transmitted to GU for its comments on May 15, 2007. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by GU.

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.

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of GONZAGA UNIVERSITY (GU) and to order GU to take the actions described in the Instructions section of the report. The Commissioner acknowledges that GU may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response 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.

1. GU is ordered to recognize the actuary's opinion relating to annuity reserves and other actuarial items pursuant to RCW 48.38.010(10)(c). Examination Report, Instruction 1, page 2.

2. GU is also ordered to make periodic adjustments between the annuity liabilities and the net assets to reflect the actuary's calculation of the aggregate reserves in accordance with RCW 48.38.020(3). Examination Report, Instruction 1, page 2.

ENTERED at Olympia, Washington, this 18th day of June, 2007.

MICHAEL G. WATSON
Chief Deputy Insurance Commissioner

Controller's Office

GONZAGA
UNIVERSITY

RECEIVED
JUN 07 2007
INSURANCE COMMISSIONER
COMPANY SUPERVISION

June 5, 2007

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
State of Washington
Office of Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

RE: Financial Examination Report of Gonzaga University (CGA)
As of December 31, 2005

Dear Mr. Odiorne:

As you requested, the above report was reviewed by the Vice President for Finance, the Associate Vice President for Finance, and the Controller. With that review, we are in agreement with the report findings and have no further comments to attach.

We wish to have noted, however, that our only exception which relates to annuity reserves has since been addressed. In December of 2006, a proposed adjustment was sent to and approved by Orlando R. Gabriel, AFE, Examiner-in-Charge, in which Gonzaga adjusted the annuity reserves to be in compliance with the actuarial calculation plus 10% as required.

This report and the finding will be discussed with Gonzaga University's Audit Committee at the Committee's next meeting in July. We appreciate your care and diligence in performing the examination. If you need further information, please give me a call at 509-323-6803.

Sincerely,

Roxy J. Kasman

Roxy J. Kasman
Controller

Cc: C. Murphy
R. Jones
M. Carroll
A. Davis

502 E. Boone Ave.
Spokane, WA 99258-0069
509.323.6370
509.323.6372 fax
www.gonzaga.edu
controllers@gonzaga.edu