



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Financial Statements Audit Report**

# **Non Profit Insurance Program**

**Grant County**

**For the period June 1, 2013 through May 31, 2014**

**Published January 26, 2015**

**Report No. 1013494**





## Washington State Auditor Troy Kelley

January 26, 2015

Board of Directors  
Non Profit Insurance Program  
Ephrata, Washington

### **Report on Financial Statements**

Please find attached our report on the Non Profit Insurance Program's financial statements.

We are issuing this report in order to provide information on the Pool's financial condition.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Non Profit Insurance Program  
Grant County  
June 1, 2013 through May 31, 2014**

Board of Directors  
Non Profit Insurance Program  
Ephrata, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Non Profit Insurance Program, Grant County, Washington, as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated January 20, 2015.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

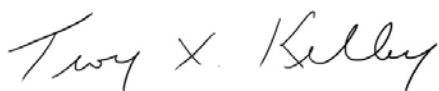
## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of the Pool's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

January 20, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Non Profit Insurance Program Grant County June 1, 2013 through May 31, 2014**

Board of Directors  
Non Profit Insurance Program  
Ephrata, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Non Profit Insurance Program, Grant County, Washington, as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed on page 9.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Pool's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Non Profit Insurance Program, as of May 31, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

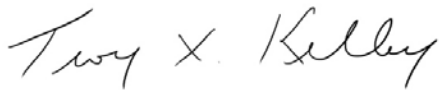
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 12 and ten year claims development information on pages 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pool's basic financial statements as a whole. The List of Participating Members and Schedule of Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the

auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

January 20, 2015



## **FINANCIAL SECTION**

### **Non Profit Insurance Program Grant County June 1, 2013 through May 31, 2014**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2014

#### **BASIC FINANCIAL STATEMENTS**

Balance Sheet – 2014

Statement of Revenues, Expenses, and Changes in Fund Net Position – 2014

Statement of Cash Flows – 2014

Notes to Financial Statements – 2014

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Ten Year Claims Development Information – 2014

Notes to Ten Year Claims Development Information – 2014

#### **SUPPLEMENTAL INFORMATION**

List of Participating Members – 2014

Schedule of Expenses – 2014

**NON PROFIT INSURANCE PROGRAM**  
**Management's Discussion and Analysis**  
**June 1, 2013 through May 31, 2014**

The management of the Non Profit Insurance Program (NPIP) offers readers of the program's financial statements this narrative overview and analysis of the financial activities of the NPIP for the fiscal year ending May 31, 2014. Readers of this analysis are encouraged to consider the information presented here in conjunction with the attached financial statements and related notes.

**Overview of the Financial Statements**

The Balance Sheet presents information on the NPIP's assets and liabilities, with the difference between the two reported as Changes in Fund Net Position. Over time, increases and decreases in changes in fund net position, may serve as a useful indicator of whether the financial position of the program is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position shows both operating and nonoperating revenues and expenses that occurred during the year. The difference between revenues and expenses is reported as a change to net position. Items are reported as the event occurs, regardless of the timing of the related cash flow.

The Statement of Cash Flows provides information on how various activities of the program affect cash and cash equivalents during the fiscal year.

The Notes to the Financial Statements present additional information that is essential for a full understanding of the data provided in the accompanying financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the program's development of claims over the last ten years.

# **NPIP - Condensed Financial Information**

	<b>2014</b>	<b>2013</b>
Current Assets	\$2,918,520	\$3,265,212
Total Assets	\$2,918,520	\$3,265,212
Current Liabilities	\$1,656,370	\$1,530,209
Noncurrent Liabilities	\$337,650	\$619,168
Total Liabilities	\$1,994,020	\$2,149,377
Unrestricted	\$924,500	\$1,115,834
Total Net Position	\$924,500	\$1,115,834
Operating Revenues		
Member contributions	\$12,556,628	\$11,244,989
Nonoperating Revenues		
Interest Income	\$1,853	\$2,604
Miscellaneous Income	\$0	\$135,357
Total Revenues	\$12,558,481	\$11,382,951
Operating Expenses	\$12,749,815	\$11,478,530
Total Expenses	\$12,749,815	\$11,478,530
Income Before Contributions, Transfers, Special or Extraordinary Items	(\$191,334)	(\$95,580)
Change in Net Position	(\$191,334)	(\$95,580)
Beginning Net Position	\$1,115,834	\$1,211,414
Ending Net Position	\$924,500	\$1,115,834

## **Financial Statement Analysis**

The Non Profit Insurance Program (NPIP) is a property and liability risk and insurance pooling program for non-profits in the State of Washington. The NPIP was formed in 2004 with twenty-six founding member non-profits. The program was pleased to increase its membership to 592 members as of May 31, 2014. A board of directors, elected by the membership, governs the program. The Board of Directors contracts with Canfield, a third-party administrator, to carry out the day-to-day administration, claims, and Pre Litigation Services.

The NPIP's philosophy is to keep insurance rates stable by providing good risk management to its membership. The NPIP purchases excess insurance policies with a stop loss limit to reduce risk of reassessment to the membership. The NPIP's primary source of operating revenues comes from member contributions. These contributions are used to pay the program's portion of claims and general and administrative costs.

With the continued growth of NPIP, total revenues increased by over \$1,100,000. Due to the increase in claims payouts this year, the NPIP had a net loss of (\$191,334). NPIP's net position decreased to \$924,500. After yearend, NPIP received a refund from the IRS, that was booked as a receivable on the balance sheet. The pool utilizes the services of an actuary to determine that adequate reserves have been set aside to cover any potential future claims. In addition, the NPIP purchases stop loss policies as another layer of protection to its membership. The NPIP does not have any other restrictions or commitments that affect the availability of pool resources for future use.

On January 14, 2010, WAC Chapter 82-60 (changed in 2011 to Chapter 200-100), which governs pools in Washington, was revised. NPIP is in compliance with the funding standards, which require primary assets (cash and investments) equal to the expected losses and secondary assets (includes accounts receivable, fixed assets, etc.) equal to a 70% confidence level. The Department of Enterprise Services provides regulatory oversight of the pool.

## **Requests for Information**

This financial report is designed to provide a general overview of the Non Profit Insurance Program's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the NPIP's third-party administrator, Canfield, 451 Diamond Drive, Ephrata, WA 98823.

# Non Profit Insurance Program

## Balance Sheet As of May 31, 2014

	Primary Government
<b><u>ASSETS</u></b>	
<b><u>Current Assets:</u></b>	
Cash and Cash Equivalents	\$808,265
Investments	\$1,468,214
Receivables:	
Member Receivables	\$167,399
Excess/Reinsurance Recoverable	\$474,641
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$2,918,520</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$2,918,520</u></b>
<b><u>LIABILITIES</u></b>	
<b><u>Current Liabilities:</u></b>	
Claims Reserves:	
IBNR	\$522,291
Claims Reserves	\$918,757
Accounts Payable	\$25,705
Unearned Member Assessments	\$188,117
Income Tax Liability	\$1,500
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$1,656,370</u></b>
<b><u>Noncurrent Liabilities:</u></b>	
Claim Reserves:	
IBNR	\$122,377
Unpaid Claims	\$215,273
<b>TOTAL NONCURRENT LIABILITIES</b>	<b><u>\$337,650</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>\$1,994,020</u></b>
<b><u>NET POSITION</u></b>	
Unrestricted	<u>\$924,500</u>
<b>TOTAL NET POSITION</b>	<b><u>\$924,500</u></b>
<b>TOTAL NET POSITION AND LIABILITIES</b>	<b><u><u>\$2,918,520</u></u></b>

See Accompanying Notes to Financial Statements

**Non Profit Insurance Program**  
Statement of Revenues, Expenses, and Changes In Fund Net Position  
For the Fiscal Year Ended May 31, 2014

	<u>Primary Government</u>
<b>Operating Revenues:</b>	
Member Contributions	<u>\$12,556,628</u>
<b>Total Operating Revenues</b>	<u><u>\$12,556,628</u></u>
<b>Non Operating Revenues:</b>	
<b>Operating Expenses:</b>	
Incurring Loss/Loss Adjustment Expenses:	
Paid on Current Losses	\$1,193,900
Change in Loss Reserves	\$812,578
Unallocated Loss Adjustment Expenses:	
Paid Unallocated Loss Adjustment Expenses	\$1,013,095
Excess/Reinsurance Premiums	\$6,215,069
General and Administrative Expenses	\$3,655,403
Federal Income Tax Expense	(\$140,229)
<b>Total Operating Expenses</b>	<u>\$12,749,815</u>
<b>OPERATING INCOME (LOSS)</b>	(\$193,188)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest Income	\$1,853
Other Income	
<b>Total Nonoperating Revenues (Expenses):</b>	<u>\$1,853</u>
<b>Income Before Contributions, Transfers, Special and Extraordinary Items</b>	(\$191,334)
Capital Contribution	<u>\$0</u>
<b>CHANGE IN NET POSITION</b>	<u><u>(\$191,334)</u></u>
<b>Total Net Position, May 31, 2013</b>	\$1,115,834
<b>Total Net Position, May 31, 2014</b>	<u><u>\$924,500</u></u>

See Accompanying Notes to Financial Statements

**Non Profit Insurance Program**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended May 31, 2014**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from members	\$12,217,328
Cash payments to suppliers for good and services	(\$12,905,173)
Net Cash Provided (Used) by Operating Activities	<u>(\$687,844)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cashed in Wells Fargo CD (opened money market at WA Trust)	\$379,098
Interest Received	<u>\$1,853</u>
Net Cash Provided (Used) by Investing Activities	<u>\$380,951</u>
Increase (Dec) in Cash and Cash Equivalents	(\$306,893)
Cash and Equivalents, May 31, 2013	<u>\$2,583,372</u>
Cash and Equivalents, May 31, 2014	<u><u>\$2,276,479</u></u>

Reconciliation of Operating Income to Net Cash  
 Provided (Used) By Operating Activities

	<u>Primary Government</u>
OPERATING INCOME	(\$193,188)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) Decrease in Receivables	(\$339,299)
Increase (Decrease) in Unearned Member Contributions	(\$34,379)
Increase (Decrease) in Accounts Payable	(\$24,473)
Increase (Decrease) in Claims Reserves	(\$99,049)
(Increase) Decrease in unearned premium	\$5,159
Increase (Decrease) in Federal Income Tax Reserve	<u>(\$2,615)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>(\$687,844)</u></u>

See Accompanying Notes to Financial Statements

**Non Profit Insurance Program**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended May 31, 2014**

The notes are an integral part of the accompanying financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Non Profit Insurance Program (NPIP) (the Program) conform to generally accepted accounting principles as applicable to proprietary funds of governmental units. The following is a summary of the more significant policies:

a. **Reporting Entity**

NPIP was organized on August 20, 2004 in Washington under Chapter 48.62 RCW and 24.03 RCW to provide a joint self-insurance program of property and casualty coverage for its member organizations. Nonprofit corporations authorized to do business in Washington State are eligible to participate if they meet the program's underwriting guidelines.

Members contract to remain in the pool for a minimum of 90 days, and must give notice before March 1 to terminate participation the following May 31. The Membership Agreement is renewed automatically each year. Even after termination, a member is responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Membership Agreement.

On May 31, 2014, NPIP had 592 members.

b. **Basis of Accounting**

The accounting records of NPIP are maintained in accordance with methods prescribed by the State Auditor's Office under the authority of Chapters 39.34 and 43.09 RCW. NPIP also follows the accounting standards established by the Governmental Accounting Standards Board (GASB) Statement 10, *Accounting And Financial Reporting For Risk Financing and Related Insurance Issues*, as amended by the GASB Statement 30, *Risk Financing Omnibus*, the GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Funds*.

NPIP uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the (appropriate) fund(s). NPIP complies with FASB 109 regarding its federal income tax. The receivables include a refund due to NPIP from the IRS.

The principal operating revenues of NPIP (made up of member contributions) are \$12,556,628. Non operating revenues are interest income.



Operating expenses include payment of claims, general and administrative costs, and excess insurance costs.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, NPIP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

d. Receivables

All receivables are from members or insurance carriers and are, therefore, deemed collectible. NPIP does have a policy for writing off uncollectable accounts. All debts or uncollectable accounts receivable that are "written off" must be reported to the Fiscal Committee. All debts or uncollectable accounts receivable under \$500.00 can be written off by the TPA without Board permission, but must be reported to the fiscal officer monthly. All debt or uncollectable accounts receivable over \$500.00 will be presented to the Fiscal Committee for approval prior to being written-off.

e. Investments

See Note 3.

f. Unpaid Claims Liabilities

NPIP establishes claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

g. Excess/Reinsurance

NPIP uses excess insurance to reduce its exposure to large losses on all types of insured events. Additionally, NPIP use an aggregate stop loss policy with a \$2,000,000 limit to further limit exposure to the pool in any one claim year.

NPIP does not report reinsurance/excess risks as liabilities unless it is probable that those risks will not be covered by reinsurance/excess insurance. Premiums ceded to reinsurers/excess insurers from June 1, 2013 to May 31, 2014 were \$6,215,069.

h. Member Assessments and Unearned Member Assessments

Member assessments are collected in advance and recognized as revenue in the period for which insurance protection is provided. The program assessment is calculated based on a percentage of the member's apportioned excess insurance cost. Unearned member assessments are premiums that are collected prior to the effective date of the policy and premiums collected for policies that span multiple fiscal years.

i. Unpaid Claims

Claims are charged to income as incurred. Claims reserves represent the accumulation of estimates for reported, unpaid claims, plus a provision for claims incurred but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

j. Reserve for Unallocated Loss Adjustment Expenses

Pursuant to the contract in place between NPIP and its third-party administrator, the third-party administrator will administer in all matters related to the processing, supervision and resolution of all program and program membership claims or losses incurred during the term of the agreement.

k. Exemption from Federal and State Taxes

NPIP is still working to determine IRS tax-exempt status, however, NPIP continues to file returns.

As of 5/31/14 NPIP had no tax liability for the 2013-14 year. NPIP is expecting to receive a refund from the IRS and it is included in the receivables. (Also see Note 7.)

Chapter 48.62 RCW exempts NPIP from insurance premium taxes, and business and occupation taxes imposed pursuant to Chapter 82.04 RCW.

## **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Management is not aware of any violations of finance-related legal or contractual provisions.

## **NOTE 3 - DEPOSITS AND INVESTMENTS**

### a. Deposits

The Non Profit Insurance Program cashed in its CD through Wells Fargo and opened a money market account with Washington Trust.

### b. Investments

The Washington Trust money market account is valued as fair market value. As of May 31, 2014, NPIP had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
WA Trust Money Market	\$1,468,214	\$1,468,214

**NOTE 4 – RISK FINANCING LIMITS (SELF-INSURED RETENTION)**

The following table reflects the risk financing limits on coverage policies issued and retained by NPIP for the 2013-14 policy year:

TYPE OF COVERAGE	MEMBER DEDUCTIBLES*	SELF INSURED RETENTION	EXCESS LIMITS
<b>Property Loss:</b>			
Buildings and Content	\$500	\$50,000	\$50,000,000 per occurrence
Flood	2% of insurable values, subject to a \$25,000 minimum and \$100,000 maximum	\$50,000	\$25,000,000 annual aggregate
Earthquake	2% of insurable values, subject to a \$25,000 minimum	\$50,000	\$25,000,000 annual aggregate
Equipment Breakdown	\$1,000	\$50,000	\$50,000,000 per occurrence
Employee Dishonesty	\$500	\$50,000	\$500,000 per occurrence
Auto Comp and Collision	\$500 Private Passenger Vehicles, Pickups and Vans; \$2,500 Buses, Specialty Transport Vehicles, and Vans exceeding 8 passenger capacity; \$1,000 All Other Vehicles	\$50,000	\$300,000 per occurrence
<b>Liability Loss:</b>			
Auto Liability including Bodily Injury, Property Damage and Underinsured Motorist	\$2,500 Buses, Specialty Transport Vehicles, and Vans exceeding 8 passenger capacity; \$0 all others	\$50,000	\$5,000,000 AL per occurrence; \$1,000,000 UIM per occurrence
General Liability including Bodily Injury, Property Damage and Personal Injury	\$0	\$50,000	\$5,000,000 per occurrence
Wrongful Acts / Misc. Professional Liability	\$1,000 = 0 - 24 Employees \$2,500 = 25 - 500 Employees \$10,000 = 500+ Employees	\$50,000	\$5,000,000 per claim

**NOTE 4 – RISK FINANCING LIMITS (SELF-INSURED RETENTION) (Continued)**

The following table reflects the risk financing limits on coverage policies issued and retained by NPIP Independent Schools for the 2013-2014 policy year:

TYPE OF COVERAGE	MEMBER DEDUCTIBLES*	SELF INSURED RETENTION	EXCESS LIMITS
Property Loss:			
Buildings and Content	\$1,000	\$50,000	\$50,000,000 per occurrence
Flood	2% of insurable values, subject to a \$25,000 minimum and \$100,000 maximum	\$50,000	\$25,000,000 annual aggregate
Earthquake	2% of insurable values, subject to a \$25,000 minimum, Each Member, Each Occurrence	\$50,000	\$25,000,000 annual aggregate
Equipment Breakdown	\$2,500	\$50,000	\$50,000,000 per occurrence
Employee Dishonesty	\$2,500 Employee Theft & Computer Fraud; \$1,000 Forgery or Alteration & Money or Securities	\$50,000	\$1,000,000 per occurrence
Auto Comp and Collision	\$1,000	\$50,000	\$300,000 per occurrence
Liability Loss:			
Auto Liability including Bodily Injury, Property Damage and Underinsured Motorist	\$1,000	\$50,000	\$15,000,000 AL per occurrence; \$1,000,000 UIM per occurrence
General Liability including Bodily Injury, Property Damage and Personal Injury	\$1,000	\$50,000	\$15,000,000 per occurrence
Wrongful Acts / Misc. Professional Liability	\$1,000	\$50,000	\$15,000,000 per claim

**\*Member deductible options are available upon request.**

**NOTE 5 - EXCESS INSURANCE CONTRACTS/CAPITOL/REINSURANCE**

NPIP maintains excess insurance contracts with several insurance carriers which provide various limits of coverage over the program's self-insured retention limits. The limits provided by these excess insurance contracts are as follows:

<b>Excess Insurance Contracts 2013-14</b>						
<b>Type of Coverage</b>	<b>Pool Limit</b>	<b>Carrier</b>	<b>Carrier Rating</b>	<b>Years with Carrier</b>	<b>Occurrence or Claims Made</b>	<b>2012-13 Pool Limit</b>
General Liability	\$50,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$50,000,000
Automobile Liability	\$5,000,000 (no aggregate)	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$5,000,000 per occurrence
Wrongful Acts/Misc Prof Liab	\$40,000,000	Princeton Excess & Surplus Lines Insurance Company	A+ XV	6	Claims Made	\$40,000,000
Property	\$50,000,000	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A-XI	6	Occurrence	\$50,000,000
Equipment Breakdown	\$50,000,000	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A-XI	10	Occurrence	\$50,000,000
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$500,000

Per-occurrence coverage limits provided by the NPIP, including the excess insurance limits combined with the program's self-insured retention limits are as follows:

<b>Excess Insurance Contracts 2013-14 – Per Occurrence/Claim Limits</b>						
<b>Type of Coverage</b>	<b>Per Occurrence/Claim Limit</b>	<b>Carrier</b>	<b>Carrier Rating</b>	<b>Years with Carrier</b>	<b>Occurrence or Claims Made</b>	<b>2012-13 Per Occurrence/Claim Limit</b>
General Liability	\$5,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$5,000,000
Automobile Liability	\$5,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$5,000,000
Wrongful Acts/Misc Prof Liab	\$5,000,000	Princeton Excess & Surplus Lines Insurance Company	A+ XV	6	Claims Made	\$5,000,000
Property	\$50,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$50,000,000
Equipment Breakdown	\$50,000,000	American Alternative Insurance Corporation	A+ XV	10	Occurrence	\$50,000,000
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence	\$500,000

**NOTE 5 - EXCESS INSURANCE CONTRACTS/CAPITOL/REINSURANCE (Continued)**

NPIP Independent Schools maintains excess insurance contracts with several insurance carriers which provide various limits of coverage over the program's self-insured retention limits. The limits provided by these excess insurance contracts are as follows:

<b>Excess Insurance Contracts 2013-14</b>						<b>2012-13 Pool Limit</b>
<b>Type of Coverage</b>	<b>Pool Limit</b>	<b>Carrier</b>	<b>Carrier Rating</b>	<b>Years with Carrier</b>	<b>Occurrence or Claims Made</b>	
General Liability	\$50,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A- XI	4	Occurrence	\$50,000,000
Automobile Liability	\$15,000,000 (no aggregate)	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A- XI	4	Occurrence	\$15,000,000 (no aggregate)
Wrongful Acts/Misc Prof Liab	\$50,000,000	Princeton Excess & Surplus Lines Insurance Company; Torus Specialty Insurance Company	A+ XV; A- XI	4	Claims Made	\$50,000,000
Property	\$50,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company; Great American Insurance Group	A+ XV; A-XI; A XIV	4	Occurrence	\$50,000,000
Equipment Breakdown	\$50,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A-XI	4	Occurrence	\$50,000,000
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	4	Occurrence	\$1,000,000

**NOTE 5 - EXCESS INSURANCE CONTRACTS/CAPITOL/REINSURANCE (Continued)**

NPIP Independent Schools maintains excess insurance contracts with several insurance carriers which provide various limits of coverage over the program's self-insured retention limits. The limits provided by these excess insurance contracts are as follows:

<b>Excess Insurance Contracts 2013-14 – Per Occurrence/Claim Limits</b>						
<b>Type of Coverage</b>	<b>Pool Limit</b>	<b>Carrier</b>	<b>Carrier Rating</b>	<b>Years with Carrier</b>	<b>Occurrence or Claims Made</b>	<b>2012-13 Per Occurrence/Claim Limit</b>
General Liability	\$15,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A- XI	4	Occurrence	\$15,000,000
Automobile Liability	\$15,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A- XI	4	Occurrence	\$15,000,000
Wrongful Acts/Misc Prof Liab	\$15,000,000	Princeton Excess & Surplus Lines Insurance Company; Torus Specialty Insurance Company	A+ XV; A- XI	4	Claims Made	\$15,000,000
Property	\$50,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company; Great American Insurance Group	A+ XV; A-XI; A XIV	4	Occurrence	\$50,000,000
Equipment Breakdown	\$50,000,000	American Alternative Insurance Corporation; Torus Specialty Insurance Company	A+ XV; A-XI	4	Occurrence	\$50,000,000
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	4	Occurrence	\$1,000,000

**Reinsurance/Excess insurance transactions related to the pool were:**

Reinsurance/Excess Insurance premiums ceded during the year were \$6,215,069.

The estimated amounts that are recoverable from excess and reinsurers that reduced the liabilities on the balance sheet were \$486,333. There have been no settlements that have exceeded the insurance coverage in the past three years.



#### **NOTE 6 – MEMBERS’ SUPPLEMENTAL ASSESSMENTS AND CREDITS**

The membership agreement provides for supplemental assessments to members in the event the fund lacks resources to pay claims. NPIP has never made a supplemental assessment.

#### **NOTE 7 – SUBSEQUENT EVENTS**

NPIP is still working to determine IRS tax exempt status. This process is expected to take 2-3 years.

In October, NPIP received the refund, \$143,785, from the IRS that was booked as a receivable at 5/31/14 yearend.

#### **NOTE 8 - RELATED PARTY TRANSACTIONS**

The NPIP’s third party administrator and insurance broker is Canfield. Canfield uses Apex to place insurance coverage for the pool. Both Canfield and Apex are owned by the same parent company, Brown and Brown, Inc. Canfield runs its operations from Ephrata, Washington. Apex Insurance is located in Glen Allen, VA.

Sterling Concepts facilitation services were utilized by the NPIP program during 13/14. Canfield has also contracted with Sterling Concepts for services which include member workshops.

**NOTE 9 – UNPAID CLAIMS LIABILITIES**

As discussed in Note 1, the program establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following table represents changes in those aggregate liabilities for NPIP during the past two years:

	<b><u>2014</u></b>	<b><u>2013</u></b>
Unpaid Claims and Claim Adjustment Expenses/claims reserves at the Beginning of the Year	\$1,877,747	\$1,611,370
<b>INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES:</b>		
Provision for Insured Events of Current Year	\$2,022,667	\$2,008,000
Increases in provision for Insured Events of Prior Year	\$(1,210,089)	\$(1,326,399)
Total Insured Claims and Claim Adjustment Expenses	<u>\$ 812,578</u>	<u>\$681,601</u>
<b>PAYMENTS:</b>		
Claims and Claim Adjustment Expenses Attributable to Insured Events of Current Year	\$1,193,900	\$804,331
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Year	\$ (282,273)	\$(389,107)
Total Payments	<u>\$ 911,627</u>	<u>\$415,224</u>
Total Unpaid Claims and Claim Adjustment Expenses at End of Year	<u>\$1,778,698</u>	<u>\$1,877,747</u>

**NOTE 10 - FINANCIAL SOLVENCY/REQUIRED ASSETS (WAC) 200-100**

Revised WAC 200-100 requires NPIP to maintain certain levels of primary and secondary assets to meet solvency standards. As defined in WAC 200-100-03001 total primary assets, cash and cash equivalents less non-claim liabilities, must be at least equal to the unpaid claims estimate at the expected level as determined by the actuary. Additionally, total primary and secondary assets must be at least equal to the unpaid claims estimate at the 70% confidence level as determined by the actuary. Secondary assets are defined as insurance receivables, real estate or other assets (less any non-claim liabilities) the value of which can be independently verified by the State Risk Manager.

		05/31/2014	05/31/2013
Primary Asset Test			
Primary Assets		2,228,557	2,690,840
Estimated Claims Liabilities at Expected Level		1,778,698	1,877,747
	Results	Pass	Pass
Secondary Asset Test			
Primary & Secondary Assets		2,703,198	2,993,582
Estimated Claims at 70% Confidence Level		1,846,882	2,028,530
	Results	Pass	Pass

**Non Profit Insurance Program**

**TEN YEAR CLAIMS DEVELOPMENT INFORMATION**  
Fiscal and Policy Year Ended May 31, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1 Required contribution and investment revenues										
Earned				5,084,838	6,008,321	6,945,456	8,716,672	10,523,237	11,247,594	12,558,481
Ceded				2,388,402	3,384,361	3,434,788	5,051,301	5,216,462	5,159,433	6,215,069
Net Earned	1,491,603	1,647,536	2,716,795	2,696,436	2,623,960	3,510,668	3,665,371	5,306,774	6,088,161	6,343,412
2 Unallocated expenses	640,256	708,037	1,061,129	1,104,363	1,383,145	2,573,414	2,309,930	4,110,124	4,833,166	4,528,269
3 Estimated claims and expense, end of policy year:										
Incurred						1,422,567	1,572,974	1,794,950	2,472,814	3,765,868
Ceded						352,567	256,474	350,700	464,814	1,743,201
Net Incurred	873,923	964,926	1,684,517	1,699,718	1,651,097	1,070,000	1,316,500	1,444,250	2,008,000	2,022,667
4 Net Paid (cumulative) as of:										
End of Policy Year	454,578	585,963	959,028	743,293	873,513	364,855	459,952	534,515	804,331	1,193,900
One Year Later	673,451	788,375	1,169,239	959,934	564,884	712,795	720,923	763,546	1,462,904	
Two Years Later	737,243	881,526	1,233,533	480,636	670,637	786,633	828,366	1,006,572		
Three Years Later	792,928	948,779	747,813	573,177	758,273	904,830	840,207			
Four Years Later	809,848	682,038	817,653	590,370	709,865	900,587				
Five Years Later	509,641	681,037	817,653	590,778	709,865					
Six Years Later	508,226	681,037	817,653	590,370						
Seven Years Later	506,929	681,037	817,653							
Eight Years Later	505,829	681,037								
Nine Years Later	506,299									
5 Reestimated ceded claims and expenses:	1,298,323	544,672	783,772	1,163,833	2,239,110	820,523	936,198	466,152	2,822,118	1,743,201
6 Reestimated net incurred claims and expenses:										
End of Policy Year	873,923	964,926	1,684,517	1,699,718	1,651,097	1,070,000	1,316,500	1,444,250	2,008,000	2,022,667
One Year Later	898,907	994,442	1,615,840	1,675,992	860,000	1,025,000	1,125,470	1,108,000	2,062,380	
Two Years Later	896,755	991,458	1,596,574	623,028	807,537	990,000	1,005,710	1,240,214		
Three Years Later	900,331	1,004,580	807,341	636,403	832,840	1,002,158	939,485			
Four Years Later	898,565	682,038	843,064	590,370	752,840	918,122				
Five Years Later	521,568	681,037	825,930	590,778	709,865					
Six Years Later	521,568	681,037	817,653	590,370						
Seven Years Later	517,806	681,037	817,653							
Eight Years Later	517,806	681,037								
Nine Years Later	506,299									
Increase (decrease) in estimated net incurred claims										
7 and expense from end of policy year	(367,624)	(283,889)	(866,864)	(1,109,348)	(941,232)	(151,878)	(377,015)	(204,036)	54,380	0

**NON PROFIT INSURANCE PROGRAM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 1, 2013 through May 31, 2014**

This required supplementary information is an integral part of the accompanying financial statements.

**1. Ten-Year Claims Development Information**

This table illustrates how the program's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the pool as of the end of the year. The rows of the table are defined as follows:

1. This section shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the pool including overhead and claims expenses not allocable to individual claims.
3. This line shows the pool's net incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section shows the cumulative amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. The re-estimations are based on actuary liability and property ultimate losses of the net layer, net of the stop loss. Re-estimations in prior years used a variety of methods including actuary liability estimates and management property estimates and aggregate stop losses. (This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

LIST OF PARTICIPATING MEMBERS  
NON PROFIT INSURANCE PROGRAM

1. Aberdeen Neighborhood Housing Services
2. Adams County Pet Rescue
3. Adopt A Pet
4. Advancing Leadership Foundation
5. Advocates for Immigrants in Detention NW
6. Albert J Hamilton Post No. 7
7. Alliance of People with disAbilities
8. Alternatives to Hunger
9. American Childhood Cancer Org. Inland NW
10. American Legion, Dept. of WA, The
11. American Legion-Art Semro Post & Ladies Aux
12. Annie Wright Schools
13. Arc of Kitsap & Jefferson County, The
14. Arc of Southwest Washington, The
15. Arlington/Smokey Pt. Chamber of Commerce
16. Asotin County Food Bank
17. Asset Stewardship Foundation, The
18. Assistance League of Everett
19. Associated Ministries of Tacoma-Pierce C
20. Association of WA Business/AWB Institute
21. Association of WA School Principals
22. Attic Learning Community, The
23. Bainbridge Island Child Care Centers
24. Bangsund Dwelling Place, The, NFP/LUVES
25. Barn Ministries / The Barn Youth Center
26. Bastyr University
27. Bayside Swimming Club
28. Bellevue Boys & Girls Club
29. Bellingham Central Lions Club Foundation
30. Bellingham Christian School
31. Bellingham Visitors & Convention Bureau
32. Bellingham/Whatcom Chamber of Commerce
33. Bellwether Housing
34. Benton Affordable Housing Association
35. Benton City Chamber of Commerce
36. Benton Franklin Substance Abuse Coalition
37. Benton-Franklin Co. Humane Society, The
38. Bethel Recreation Association
39. Bible Believers of Washington
40. Big Bend Community College Found.
41. Big Brothers Big Sisters of the INW
42. Bike Works Seattle
43. Bldg Assoc Poulsbo Ldg 44 Sons of Norway
44. Bleeding Disorder Foundation of WA, The
45. Blue Mountain Oncology Program
46. Boistfort Valley Water
47. Boost Collaborative
48. Boys & Girls Club of Benton & Franklin
49. Boys & Girls Club of the Columbia Basin
50. Breast Cancer Prevention Fund
51. Brigadoon Service Dogs
52. Brigid Collins House
53. Building Industry Assoc of Whatcom Co
54. Bush School, The
55. C.A.S.T. for Kids Foundation
56. Camano Island Chamber of Commerce
57. Camano Senior & Community Center
58. Camp Berachah Ministries
59. Camp Fire Snohomish County
60. Camp Fire USA of North Central WA
61. Camp Fire USA Samish Council
62. Capital Lakefair, Inc.
63. Capitol Land Trust
64. Capt. Dan's Farmstead
65. Cascade Adaptive Sports
66. Cascade Christian Schools
67. Cascade Foothills Farmland Association
68. Catholic Charities of Spokane
69. CBVC
70. CDM Services
71. Center for Strengthening Teaching Prof.
72. Changes Parent Support Network
73. Charles Wright Academy
74. Chelan Douglas Counties Together! For a
75. Chelan Valley Hope
76. Chelan-Douglas Co. Comm. Action Council
77. Child Advocacy Center of Snohomish Co.
78. Children's Center
79. Children's Discovery Foundation
80. Children's Reading Foundation, The
81. Christian Enterprises
82. Christian Hope Association, The
83. Clearwater School, The
84. Clearwood Community Association
85. Columbia River Exhibition of History, Science
86. Colville Chamber of Commerce
87. Committee for Children
88. Communities in Schools of Federal Way
89. Community Action Center

90. Community Action of Skagit County
91. Community Arts & Recreation Alliance
92. Community Celebrations, Inc.
93. Community Child Care Center
94. Community Choice
95. Community Cultural Project of Tonasket
96. Community Detox Services of Spokane
97. Community Dinners - Seattle
98. Community Enrichment for Klickitat Co
99. Community Frameworks
100. Community Mediation Services
101. Community Transportation Assoc of the NW
102. Community Youth Services
103. Compassion & Choices of Washington
104. Compassion House
105. Consejo Counseling and Referral Service
106. Conservation NW
107. Construction for Change
108. Continental Club, Inc., The
109. Corbin Senior Activity Center
110. Cornerstone Christian School
111. Council on Aging & Human Services
112. Cove to Clover
113. Cowboy Campsite Members Association
114. Crime Stoppers of Lewis County
115. Crossroads Resource Center
116. Daffodilians, Inc.
117. Disability Action Center NW
118. Dispute Resolution Center of Kitsap Co
119. Dispute Resolution Center of Thurston Co
120. Downtown On the Go
121. Downtown Pasco Development Authority
122. Dreamview Estates Property Owners Assoc
123. Dune Lakes Homeowners' Association
124. DuPont Kids Fitness
125. Earth and Space Research
126. Earthbound Productions
127. Earthcorps
128. East Central Community Organization
129. East County Senior Center
130. Eastside Christian School
131. Eastside Preparatory School
132. Eastside Timebank
133. Ebenezer Christian School
134. Edmonds Center for the Arts
135. Edmonds Senior Center
136. Educational Opportunities. for Children & Families
137. Educational Programs in Home Living
138. Edwall Water Association
139. Eisenhower Band Parents & Davis Buccaneers BB
140. Eleanor and Henry Jansen Foundation
141. Elizabeth Home
142. Emerald City Pet Rescue
143. Emerald Heights Academy
144. Emergency Support Shelter, The
145. Emmaus Center, The
146. Enterprise For Progress in the Community
147. Enumclaw Regional Healthcare Foundation
148. Ephrata Chamber of Commerce Inc.
149. Ephrata Senior Center, Inc.
150. Eureka Thrift
151. Evergreen Mountain Bike Alliance
152. Evergreen Safety Council
153. Evergreen Treatment Services
154. Explorer West Middle School
155. F.A.C.E.S. Northwest
156. Fair Housing Center of Washington
157. Faith Action Network
158. Family Planning of North Central WA
159. Family Renewal Shelter
160. Family Resource Center of Lincoln County
161. Family Services of Grant County
162. Far West Agribusiness Association
163. Farmer Consumer Awareness Day
164. Ferndale Chamber of Commerce
165. Ferndale Food Bank
166. Ferndale S.D. Parent Teacher Org/Booster
167. Fish/Food Banks of Pierce County
168. Food Lifeline
169. Fraternal Order of Eagles, Ladies 3338
170. Free Clinic of SW Washington
171. Friends of Children of Walla Walla
172. Friends of Hospice
173. Friends of Seattle Waterfront
174. Friends of Stonerose Fossils
175. Friends of Sudden Valley Library
176. Friends of the Carpenter
177. Friends of the North Fork Comm. Library
178. Friends of Youth
179. Friendship Adventures
180. Fusion
181. G. Weyerhaeuser Pac. Rim Bonsai Collect.
182. Garden-Raised Bounty
183. Garfield County Super Citizens
184. George Baldrige Pst #43-American Legion
185. George Community Hall, Inc.
186. German Heritage Society
187. Glen Community Association, The

188. Goodwill Contracting Services
189. Goodwill Heritage Foundation
190. Goodwill of the Olympics & Rainier Region
191. Grand Coulee Dam Seniors Inc.
192. Grandview Chamber of Commerce
193. Grandview SD Parent Teacher Org/Booster
194. Granite Falls S.D. Parent Teacher Org
195. Greater Everett Community Foundation
196. Greater Federal Way Ch. of Commerce
197. Greater Goldendale Area Chamber of Commerce
198. Greater Grays Harbor
199. Greater Hillyard Business Association
200. Greater Seattle Chamber of Commerce
201. Greater Spokane League Dist. #8 WIAA Sch
202. Greater Tacoma Community Foundation, The
203. Green Lake Preschool and Childcare Ctr
204. Growing Places Farm & Energy Park
205. Hands on Children's Museum
206. Harbor Assoc of Volunteers for Animals
207. Harbor Wildwatch
208. Harrington Opera House Society
209. Helping Hand House
210. Helpline House
211. Hero House
212. Highlands Council
213. Highline High School Booster Club
214. Hillcrest Water Users Association
215. Hispanic Chamber of Commerce Yakima Co
216. Historic Downtown Chelan Association
217. Historic Fox Theatre Restorations
218. Historical Society of Federal Way
219. Home Trust of Skagit
220. Homeownership Center of Tacoma
221. HomeSight
222. Homeward Bound
223. Homeward Bound in Puyallup
224. Hood Canal Salmon Enhancement Group
225. Hooves With Heart
226. Hopelink (Springboard Alliance/Avondale)
227. Hopesparks
228. HopeWorks
229. Hospitality House
230. Housing Hope
231. Human Services Council
232. Icicle Creek Center for the Arts
233. Icicle Fund
234. Ignite Ministries
235. Imagine Children's Museum
236. InFocus Ministries
237. In-Home Care of Central Washington
238. Inland Northwest Land Trust
239. Inspire Youth Project
240. Institute for Community Leadership
241. International Children's Care
242. International District Parking Assoc.
243. Island Volunteer Caregivers
244. Issaquah Food and Clothing Bank
245. Jefferson Community School
246. Jefferson County Historical Society
247. Jefferson Land Trust
248. Jensen Memorial Youth Ranch
249. Jet Oldsters Assoc. of Ferndale, The
250. Jubilee Academy
251. Jubilee Women's Center
252. Kent Food Bank & Emergency Services
253. Kent SD Parent Teacher Org/Boosters
254. Kent Youth and Family Services
255. Kent Youth Soccer Association
256. Kettle Falls Area Chamber of Commerce
257. Key Peninsula Civic Center Association
258. Kidstown International, Inc.
259. Kirkland Interfaith Trans. in Housing
260. Kla-Ha-Ya Days Festival
261. Knights of Columbus
262. Kulshan Community Land Trust
263. L & E Academy Foundation
264. Lake and Park School, The
265. Lake Chelan Boating Club
266. Lake Chelan Chamber of Commerce
267. Lake Connor Park
268. Lake Cushman Maintenance Co.
269. Lake Sawyer Community Club
270. Lake Stevens Senior Center
271. Lake Tyee
272. Lake Washington Rowing Club
273. L'Arche Tahoma Hope Community
274. Laughing Horse Arts Foundation
275. Learning Avenues Child Care Centers
276. Leavenworth Summer Theater
277. Legacy Homeschool Center
278. Leif Erikson Recreation Association
279. Lewis County Historical Society
280. Lewis County Mental Health Association
281. Lewis County Work Opportunities
282. Liberty Christian School Tri-Cities
283. Lighthouse Christian Ministries
284. Lighthouse Christian School



285. Lincoln Theatre Center Foundation, The
286. Listen and Talk
287. Local Development Council of Tacoma
288. Long Live the Kings
289. Lopez Children's Center
290. Lopez Housing Options (LOHO)
291. Lost Lake Property Owners Association
292. Lower Columbia Community Action Council
293. Lower Valley Crisis & Support Services
294. Lutheran School Assoc. of Snohomish Co.
295. Lynden Christian School
296. Lynden Youth Sports
297. Mamma's Hands
298. Marysville Community Food Bank
299. Masquers Theater, The
300. Master's Christian School, The
301. Mayfield Lake Youth Camp, Inc
302. Methow Conservancy
303. Methow Salmon Recovery Foundation
304. Metropolitan Development Council, The
305. Mid-City Concerns
306. Millionair Club, Inc.
307. Mission Vista
308. Monroe Christian School Society
309. Morningside
310. Moses Lake Christian Academy
311. Moses Lake Senior Opportunity & Services
312. Moses Lake SD Parent Teacher Org/Boosters
313. Mount Baker Theatre
314. Mount Vernon Christian School Assoc.
315. Mountaineers, The
316. Mt Baker Foothills Chamber of Commerce
317. Mt. Baker Co-op Preschool
318. Mt. Baker Rim Community Club
319. Mt. Baker Water Association, Inc.
320. Mt. Si Senior Center
321. Music Theatre of Wenatchee, Inc.
322. Mustard Seed Project of Key Peninsula
323. MVR Ministries
324. N.E.W. Family Life Services
325. NAMI Eastside
326. NARAL Pro-Choice Washington
327. NC Region EMS & Trauma Care Council
328. NCW Business Loan Fund
329. Neighborhood House, Inc.
330. Nellie Goodhue Group Homes Inc.
331. New Hope Health Center
332. New Life Christian School
333. New Phoebe House Association
334. Nisqually Land Trust
335. North Cascades Institute
336. North County Recreation Association
337. North Olympic Salmon Coalition
338. North Twin Lakeview Homeowners Assoc.
339. Northeast Community Center Association
340. Northsound Assn. for Catholic Education
341. Northwest Autism Center, The
342. Northwest Christian Schools, Inc.
343. Northwest Danish Association
344. Northwest Family Life
345. Northwest Harvest/EMM
346. Northwest Housing Development
347. Northwest North Pole Adventures
348. Northwest Svcs for Independent Living
349. Nova School Association
350. NW School for Hearing-Impaired Children
351. Oak Harbor Christian School
352. Oaks Education Association
353. Oakview Association
354. Ocean Shores Community Club
355. OCS Supporting Foundation
356. Odessa Chamber of Commerce
357. Okanogan Co. Transportation & Nutrition
358. Okanogan County Child Development Assn
359. Okanogan County Community Action Council
360. Okanogan County Community Coalition
361. Olympia Tumwater Foundation
362. Olympic Community Action Programs
363. Onalaska Alliance for Sustainable Comm
364. OneRedmond
365. OPAL Community Land Trust
366. Open Window School
367. Opportunity Council, The
368. Orcas Island Community Foundation
369. Orting Food Bank
370. Pacific Arts Association
371. Pacific Christian Academy
372. Pacific Mountain Workforce Development Council
373. Palouse Chamber of Commerce
374. Palouse Community Center
375. Palouse Discovery Science Center
376. Palouse River Counseling Center
377. Panther Booster Club, The
378. Panza
379. Paradise Lakes Country Club
380. Paratransit Services
381. Passages Family Support

382. Pelican Point Community Association
383. Peninsula Services
384. People For People
385. Peshastin Domestic Water Users
386. Pet Partners
387. Phinney Neighborhood Association
388. Pierce County Alliance
389. Pierce County Center for Dispute Resolution
390. Plateau Outreach Ministries
391. Plymouth Housing Group
392. Ponderosa Community Club
393. Pope's Kids Place
394. Port Townsend Aero Museum
395. Port Townsend Film Institute
396. Powerful Voices
397. Prairie Ridge Maintenance Co.
398. Pregnancy Aid of Washington
399. Proctor District Association, The
400. Projekt Bayern Association
401. Prosser Cemetery Association
402. Prosser Chamber of Commerce
403. PSP Children's Foundation
404. Pullman Chamber of Commerce
405. Pullman Community Council on Aging, The
406. Quality Behavioral Health
407. Quilceda Community Services
408. Quincy Valley Chamber of Commerce
409. Quincy Valley Historical Soc. & Museum
410. Quincy Valley School
411. Re Sources
412. Rebound of Whatcom County
413. Recreation Northwest
414. Refugee Federation Service Center
415. Reliable Enterprises
416. Renton Area Youth and Family Services
417. ReUse Works
418. RH Home Care
419. Ridge at Hangman Homeowners Association
420. Rimrock Meadows
421. Ripple Foundation, The
422. Riverside Christian School
423. Rochester Organization of Families
424. Room One
425. Sacred Earth Foundation
426. Safe Family Ministries
427. Sage 'N' Sun Festival
428. Saint's Pantry Food Bank, The
429. Salem Arms Community Housing
430. Samena Club
431. Sean Humphrey House
432. Seattle Christian School Association
433. Seattle Police Foundation
434. Seattle Preparatory School
435. Seattle-King Co Conv & Visitors Bureau
436. Seeds of Hope Ministries
437. Senior Life Resources
438. Senior Services for South Sound
439. Senior Services of Snohomish County
440. Service Board, The
441. Share and Care House
442. Sherwood Community Services
443. SightConnection
444. Silvana Community Fair Board
445. Skagit Domestic Violence & Sexual Assault
446. Skagitonians To Preserve Farmland
447. SKCAC Industries and Employment Services
448. Sky Valley Chamber of Commerce
449. Sky Valley Food Bank
450. Smithwright Services
451. Snohomish Community Food Bank
452. Snohomish SD Parent Teacher Org/Boosters
453. Snohomish Seniors
454. Snoqualmie Falls Forest Theater
455. Snowline Community Club
456. South Central Workforce Develop. Council
457. South of the Sound Community Farm Land Trust
458. South Park Area Redevelopment
459. South Sound Dream Center
460. South Thurston United Friends
461. SouthEast WA Economic Development Assoc.
462. Spokane Hoopfest Association
463. Spokane Neighborhood Action Partners
464. Spokane Rehabilitation Center
465. Spokane Urban Ministries, Inc.
466. Spokane Valley Senior Citizens Assoc.
467. Spokane Waldorf Education Association
468. Spokefest Association
469. Sprague Chamber of Commerce
470. St. Paul's Academy
471. Stanwood Chamber of Commerce
472. Stanwood Community and Senior Center
473. Stanwood-Camano Food Bank Services
474. Stilly-Snohomish Fisheries Enhancement TF
475. Sunland Estates Homeowners Assoc.
476. Sunnyside Chamber of Commerce
477. Sunnyside Christian School
478. Support, Advocacy, and Resource Center

479. Supporters of the Center
480. Sustainable Connections
481. Tacoma Community House
482. Tacoma Musical Playhouse
483. Tacoma Pierce County Chamber of Commerce
484. Tacoma Waldorf School
485. Tahoma Associates
486. Three Wings
487. Thumbnail Theater
488. Thurston County Food Bank Inc.
489. Tierra Village
490. Tillicum Riders
491. Timebanks of Puget Sound
492. TOGETHER!
493. Trancare
494. Transition Fidalgo & Friends
495. Tri-Cities Chaplaincy
496. Tri-Cities Food Bank
497. Tri-City Development Council
498. Tri-City Regional Chamber of Commerce
499. Trillium School, The
500. Turning Pointe Domestic Violence Svcs
501. Union Gospel Mission Assoc of Olympia
502. Union Gospel Mission of Yakima
503. Union Hill Water Association
504. United Fresh Potato Growers of WA & OR
505. University Heights Center for the Comm Assoc, The
506. University Congregational Housing Assoc
507. Upper Valley Connection
508. Upper Valley MEND/Cornerstone Community
509. Valley Arts United
510. Vashon HouseHold
511. Vashon Youth and Family Services
512. Via, Veritas, Vita (3V's)
513. Village Community Services
514. Village Green Foundation
515. Visiting Nurse Home Care
516. Visiting Nurses Foundation
517. Vista Hermosa Foundation
518. Volunteer Firemen, Inc. - Whitman County
519. Volunteers of America East WA & North ID
520. WA Alliance for Better Schools
521. WA Assoc of School Business Officials
522. WA Association for Pupil Transportation
523. WA Association of School Administrators
524. WA Career & Technical Sports Med. Assoc.
525. WA Center for the Performing Arts, The
526. WA Community Action Network
527. WA Farm Labor Association
528. WA Gorge Action Programs
529. WA Health Foundation
530. WA Indian Gaming Association
531. WA Initiative for Supported Employment
532. WA Nonprofits
533. WA Occupational Information System
534. WA St Society for Healthcare Engineering
535. WA State Animal Response Team
536. WA State Assoc of Future Farmers of Amer
537. WA State Autumn Leaf Festival
538. WA State Cheer Coaches Assoc
539. WA State Community Action Partnership
540. WA State Crop Improvement Association
541. WA State Democratic Central Committee
542. WA State Residential Care Council
543. WA State Tactical Officers Association
544. WA State University Alumni Association
545. WA Technology Student Association
546. WA Thoroughbred Breeders & Owners Assoc.
547. WA Trails Association
548. WA Vocational Services
549. Walkable and Livable Communities Institute
550. Walla Walla Community Hospice
551. Wallingford Community Senior Center
552. Walter Clore Wine & Culinary Center
553. Warm Beach Christian Camp & Conf. Center
554. Warm Beach Water Association
555. Washington Growers League
556. Weaver Foundation-Georgia Mattson
557. Wenatchee Christian Early Learning
558. Wenatchee Montessori School
559. Wenatchee River Institute
560. Wenatchee Valley College Foundation
561. Wenatchee Valley Museum and Cultural Cen
562. Wenatchee Valley Senior Activity Center
563. Westside School
564. Whatcom Alliance for Healthcare Access
565. Whatcom Center for Early Learning
566. Whatcom County Council on Aging
567. Whatcom County Medical Society
568. Whatcom Family YMCA
569. Whatcom-Skagit Housing
570. WHIMPS Mountain Bike Coalition
571. White Pass Community Services Coalition
572. Whitewater Aquatics Management
573. Wishing Star Foundation
574. Women & Children Free Restaurant & Community Kitchen

575. Women's Funding Alliance, The  
576. Women's Resource Center of NCW  
577. WSU Cougar Club Foundation  
578. Yakima Basin Environmental Educational  
Program  
579. Yakima Basin Fish & Wildlife Recovery  
Board  
580. Yakima Tennis Club, The  
581. Yakima Valley Visitors & Convention Bureau  
582. Yelm Adult Community Center  
583. Yelm Community Schools PTOs/PTAs  
584. Yelm Community Services  
585. YMCA at Washington State University

586. Young Women's Christian Assoc of Spokane  
587. Youth and Outreach Services  
588. YWCA Clark County  
589. YWCA of Bellingham  
590. YWCA of Olympia  
591. YWCA Pierce County  
592. Zion Preparatory Academy

**SCHEDULE OF EXPENSES**  
**Non Profit Insurance Program**  
**For the Fiscal Year Ended May 31, 2014**

	<b>NPIP</b>
Contracted Services:	
Third Party Administrator/ Directors Fees	1,103,848
Actuary Study	16,468
Audit Expenses	27,179
Professional/Consulting Fees	37,179
General Administrative Expenses:	
Account Education	111,272
Miscellaneous & Supplies	37,646
Meeting Expense	2,888
Conferences	6,657
Marketing	7,170
Group Legal & Accounting	23,982
License/Dues/Subscriptions	6,934
Travel	27,908
Underwriting/Placement Fees	1,043,047
Prelitigation Program	134,314
Medicare Reporting	4,500
Website	791
Bank Charges	(4,602)
Other:	
Brokerage Fees/Reinsurance	1,043,304
Sponsorships/ Donations	6,000
Directors E&O	18,920
Total General & Administrative Expenses	<u>3,655,403</u>

(\*Total Operating Expenses detailed on this schedule includes  
General and Administrative Expenses from the Income  
Statement.)

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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