



*REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION*

FOR
NON PROFIT INSURANCE PROGRAM (NPIP)

May 31, 2017

MOSSADAMS.COM

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Report of Independent Auditors

To the Board of Directors
Non Profit Insurance Program (NPIP)

Report on the Financial Statements

We have audited the accompanying financial statements of Non Profit Insurance Program (NPIP), which comprise the balance sheet as of May 31, 2017, and the related statement of operations and changes in retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

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. 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 entity'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 entity'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 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 NPIP as of May 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

Spokane, Washington
September 28, 2017

NON PROFIT INSURANCE PROGRAM
BALANCE SHEET
MAY 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,423,157
Accounts receivable	
Member receivables	17,969
Excess/reinsurance recoverable	471,572
Prepaid expenses	<u>152,257</u>
Total current assets	<u>3,064,955</u>

TOTAL ASSETS \$ 3,064,955

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Incurred but not reported and case reserves	\$ 806,120
Accounts payable	121,585
Unearned member assessments	110,365
Income tax liability	110,000
Deferred income taxes	<u>71,055</u>
Total current liabilities	1,219,125

NON CURRENT LIABILITIES

 Incurred but not reported and case reserves 696,733

RETAINED EARNINGS 1,149,097

TOTAL LIABILITIES AND RETAINED EARNINGS \$ 3,064,955

NON PROFIT INSURANCE PROGRAM
STATEMENT OF OPERATIONS AND CHANGES IN RETAINED EARNINGS
YEAR ENDED MAY 31, 2017

OPERATING REVENUE	
Member assessments	<u>\$ 15,684,784</u>
OPERATING EXPENSES	
Paid on current losses	1,642,608
Change in loss reserves	819,827
Paid unallocated loss adjustment expenses	1,260,708
Excess/reinsurance premiums	7,269,796
General and administrative expenses	<u>4,390,079</u>
Total operating expenses	<u>15,383,018</u>
OPERATING INCOME	301,766
NONOPERATING REVENUE	
Interest income	<u>4,709</u>
INCOME BEFORE TAXES	306,475
INCOME TAX EXPENSE	<u>227,417</u>
CHANGE IN RETAINED EARNINGS	79,058
RETAINED EARNINGS, beginning of year	<u>1,070,039</u>
RETAINED EARNINGS, end of year	<u><u>\$ 1,149,097</u></u>

NON PROFIT INSURANCE PROGRAM
STATEMENTS OF CASH FLOW
YEAR ENDED MAY 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from members	\$ 15,571,613
Cash payments to suppliers for good and services	(15,501,355)
Cash paid for income taxes	<u>(45,188)</u>
Net cash from operating activities	<u>25,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>4,709</u>
Net cash from investing activities	<u>4,709</u>
NET CHANGE IN CASH	29,779
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,393,378</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,423,157</u></u>
RECONCILIATION OF CHANGE IN RETAINED EARNINGS TO NET CASH FROM OPERATING ACTIVITIES	
Operating income	\$ 301,766
Change in	
Member receivables	(7,555)
Excess/reinsurance recoverable	(103,693)
Prepaid expenses	(151,997)
Unpaid claims liability	(60,750)
Accounts payable	95,584
Unearned member assessments	(1,923)
Deferred income taxes	(156,362)
Income tax liability	<u>110,000</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 25,070</u></u>

NON PROFIT INSURANCE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of the Organization

Non Profit Insurance Program (NPIP or “Program”) was organized on August 20, 2004, in Washington under Chapter 48.62 RCW and 24.03 RCW as a United States property and casualty insurance company 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. During November 2015, RCW 48.180 became effective, which moved NPIP from 48.62 to 48.180.

As outlined in the Program’s foundation document (Membership Agreement), members must give a 90-day notice before March 1, to terminate participation in the Program effective 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, 2017, NPIP had 746 members.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements of NPIP have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and liabilities. Revenues and expenses are reported in gross amounts except gains and losses, which are reported net.

Financial statement estimates – The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Cash and cash equivalents – For purposes of cash flows, NPIP considers all certificates of deposit highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. NPIP maintains demand deposit accounts at various financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation. NPIP has not experienced any losses in such accounts.

Accounts receivable – All receivables are from members or insurance carriers and are, therefore, deemed collectible. NPIP does have a policy for writing off uncollectible accounts. All debts or uncollectible accounts receivable that are “written off” must be reported to the Fiscal Committee. All debts or uncollectible accounts receivable under \$500 can be written off by the third-party administrator (TPA) without the Board’s permission, but must be reported to the fiscal officer monthly. All debt or uncollectible accounts receivable over \$500 will be presented to the Fiscal Committee for approval prior to being written off.

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Excess/Reinsurance – NPIP uses excess insurance to reduce its exposure to large losses on all types of insured events. Additionally, NPIP uses 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.

Member assessments and unearned member assessments – NPIP receives the majority of its funding from member assessments that are renewable annually. 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.

Unpaid claims and claim adjustment expense – Claims are charged to expense 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.

Reserved unallocated loss adjustment expenses – Pursuant to the contract in place between NPIP and its TPA, the TPA 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.

Income taxes – ASC 740 requires that deferred income tax assets or liabilities be recognized for the expected future income tax consequences of events that have been recognized in the financial statements and are determined based on the temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities. Until the year ended May 31, 2017, the Program had not previously adopted ASC 740. Accordingly, as seen in Note 9, current year tax expense includes \$71,055 related to the adoption of ASC 740 and the recognition of an overall net deferred tax liability.

NON PROFIT INSURANCE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes (continued) – A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. NPIP evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization include NPIP's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in NPIP's effective tax rate on future earnings.

NPIP recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. NPIP recognizes interest and penalties related to income tax matters in income tax expense. See Note 9 for additional details.

RCW 48.180.055 exempts NPIP from insurance premium taxes, fees assessed under Chapters 48.02, 48.32, RCW, business and occupation taxes imposed under 82.04 RCW, and any assigned risk plan or joint underwriting association otherwise required by law.

Accounting estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. NPIP recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. NPIP's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

NPIP has evaluated subsequent events through, September 28, 2017, which is the date the financial statements are available to be issued.

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 3 – Risk Financing Limits (Self-Insured Retention)

The following table reflects the risk-financing standard limits on coverage policies issued and retained by NPIP for the 2016-17 policy year, **except for Independent Schools**:

Type of Coverage	Member Deductibles*	Self-Insured Retention	Excess Limits
Property loss			
Buildings and content	\$2,500 – Residential \$500 – All others	\$50,000	\$75,000,000 per occurrence
Flood	2% of insurable values, subject to a \$25,000 minimum and \$100,000 maximum, Each Member, Each Occurrence.	\$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	\$1,000	\$50,000	\$75,000,000 per occurrence
Employee dishonesty	\$500	\$50,000	\$1,000,000 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
Liability loss			
Auto liability (AL) including bodily injury, property damage and underinsured motorist (UIM)	\$2,500 Buses, Specialty Transport Vehicles, and Vans exceeding 8 passenger capacity; \$500 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

*Liability limits vary by member from \$1,000,000 up to \$10,000,000

NON PROFIT INSURANCE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 3 – Risk Financing Limits (Self-Insured Retention) (continued)

The following table reflects the risk financing limits on coverage policies issued and retained by NPIP for the Independent Schools for the 2016-17 policy year:

Type of Coverage	Member Deductibles*	Self-Insured Retention	Excess Limits
Property Loss			
Buildings and Content	\$1,000	\$50,000	\$75,000,000 per occurrence
Flood	2% of insurable values, subject to a \$25,000 minimum and \$100,000 maximum, Each Member, Each Occurrence.	\$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	\$75,000,000 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	See Schedule	\$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.

*Liability limits vary by member from \$1,000,000 up to \$10,000,000

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 4 – Excess Insurance Contract/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 for all members **except Independent Schools** are as follows:

Excess Insurance Contracts 2016-17					
Type of Coverage	2016-17 Pool Limit	Carrier	Carrier Rating	Years with Carrier	Occurrence of Claims Made
General Liability	\$50,000,000	American Alternative Insurance Corporation	A+ XV	9	Occurrence
Automobile Liability	\$5,000,000 (no aggregate)	American Alternative Insurance Corporation	A+ XV	9	Occurrence
Wrongful Acts/ Misc Prof Liab	\$40,000,000	Princeton Excess & Surplus Lines Insurance Company	A+ XV	9	Claims Made
Property	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV /A+ XIV / A+ XV / A + XV	9	Occurrence
Equipment Breakdown	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV /A+ XIV / A+ XV / A + XV	13	Occurrence
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	9	Occurrence

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 4 – Excess Insurance Contract/Reinsurance (continued)

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

Excess Insurance Contracts 2016-17					
Type of Coverage	2016-17 per Occurrence Limit	Carrier	Carrier Rating	Years with Carrier	Occurrence of Claims Made
General Liability	\$5,000,000	American Alternative Insurance Corporation	A+ XV	9	Occurrence
Automobile Liability	\$5,000,000	American Alternative Insurance Corporation	A+ XV	9	Occurrence
Wrongful Acts/Misc Prof Liab	\$5,000,000	Princeton Excess & Surplus Lines Insurance Company	A+ XV	9	Claims Made
Property	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIV / A+ XV / A + XV	9	Occurrence
Equipment Breakdown	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIV / A+ XV / A + XV	13	Occurrence
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	9	Occurrence

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 4 – Excess Insurance Contract/Reinsurance (continued)

NPIP independent schools maintain 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:

Excess Insurance Contracts 2016-17					
Type of Coverage	2016-17 Pool Limit	Carrier	Carrier Rating	Years with Carrier	Occurrence of Claims Made
General Liability	\$50,000,000	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A+ XI	7	Occurrence
Automobile Liability	\$15,000,000 (no aggregate)	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A+ XI	7	Occurrence
Wrongful Acts/Misc Prof Liab	\$50,000,000	Princeton Excess & Surplus Lines Insurance Company / Torus Specialty Insurance Company	A+ XV / A+ XI	7	Claims Made
Property	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIV / A+ XV / A + XV	7	Occurrence
Equipment Breakdown	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIV / A+ XV / A + XV	7	Occurrence
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 4 – Excess Insurance Contract/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:

Excess Insurance Contracts 2016-17 – Per Occurrence/Claim Limits					
Type of Coverage	2016-17 Pool Limit	Carrier	Carrier Rating	Years with Carrier	Occurrence of Claims Made
General Liability	\$15,000,000	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A+ XI	6	Occurrence
Automobile Liability	\$15,000,000	American Alternative Insurance Corporation / Torus Specialty Insurance Company	A+ XV / A+ XI	6	Occurrence
Wrongful Acts/Misc Prof Liab	\$15,000,000	Princeton Excess & Surplus Lines Insurance Company / Torus Specialty Insurance Company	A+ XV / A+ XI	6	Claims Made
Property	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIII / A+ XV	6	Occurrence
Equipment Breakdown	\$75,000,000	American Alternative Insurance Corporation / RSUI Indemnity Company / Axis Insurance Company / Arch Specialty Insurance Co.	A+ XV / A+ XIII / A+ XV	6	Occurrence
Employee Dishonesty	\$1,000,000	American Alternative Insurance Corporation	A+ XV	6	Occurrence

Reinsurance/Excess Insurance premiums ceded during the year were \$7,269,796. The estimated amount that is recoverable from excess and reinsurers that reduced the liabilities on the balance sheet was \$1,072,734. There have been no settlements that have exceeded the insurance coverage in the past three years.

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 5 – 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 6 – Related-Party Transactions

NPIP’s TPA and insurance broker is operated as Clear Risk Solutions (also Public Risk Underwriters of the Northwest). Clear Risk Solutions uses Apex and Peachtree Special Risk to place insurance coverage for the pool. Clear Risk Solutions, Apex, and Peachtree Special Risk are owned by the same parent company, Brown and Brown, Inc.

Note 7 – Unpaid Claims Liability

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 the aggregate liability for NPIP:

	2017
Unpaid claims and claim adjustment expenses/claim Reserves at the beginning of the year	\$ 1,563,603
INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES	
Provision for insured events of current year	2,577,271
Decrease in provision for insured events of prior years	20,619
Total insured claims and claim adjustment expenses	2,597,890
PAYMENTS	
Claims and claim adjustment expenses Attributable to insured events of current year	1,642,608
Claims and claim adjustment expenses Attributable to insured events of prior years	1,016,032
Total payments	2,658,640
Total unpaid claims and claim adjustment Expenses at end of year	\$ 1,502,853

NON PROFIT INSURANCE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 8 – Financial Solvency/Required Assets (WAC) 200-150

WAC 200-150 requires NPIP to maintain certain levels of primary and secondary assets to meet solvency standards. As defined in WAC 200-150-03001 total primary assets, cash and cash equivalents less nonclaim 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 80% confidence level as determined by the actuary. Secondary assets are defined as insurance receivables, real estate or other assets (less any nonclaim liabilities) the value of which can be independently verified by the State Risk Manager.

	<u>May 31, 2017</u>
Primary asset test	
Primary assets	\$ 2,028,121
Estimated claims liabilities	
at expected levels	1,502,853
Results	Pass
Secondary asset test	
Primary and secondary assets	\$ 2,499,693
Estimated claims at 80%	
Confidence level	1,514,853
Results	Pass

Note 9 – Income Taxes

The significant components of income taxes are as follows for the year ended May 31, 2017:

Current expense	\$ 156,362
Deferred tax expense	<u>71,055</u>
Income tax expense	<u><u>\$ 227,417</u></u>

Total tax provision for the year ended May 31, is less than amounts computed by applying the statutory federal income tax rate to the income before tax for the following reasons:

	<u>2017</u>
Tax expense, at statutory rate	\$ 104,202
Adoption of ASC740 (see Note 2)	71,055
Tax effect of permanent differences	2,340
Other	<u>49,820</u>
Income tax expense	<u><u>\$ 227,417</u></u>

NON PROFIT INSURANCE PROGRAM NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued)

The significant components of the Company's deferred tax assets and liabilities were as follows at May 31:

Current deferred tax assets	
Unearned member premium	\$ 7,505
Tax discount	14,244
Current deferred tax liabilities	
Unallocated loss adjustment expense	(65,711)
Acquisition costs	<u>(27,093)</u>
Net current deferred taxes	<u>\$ (71,055)</u>

The Program is subject to taxation in the U.S. and file a federal income tax return. The Program does not have any unrecognized tax benefits. As of May 31, 2017, no accrued interest or penalties have been recorded.

Supplementary Information

NON PROFIT INSURANCE PROGRAM

NOTES TO TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)

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 years 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 years 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.

NON PROFIT INSURANCE PROGRAM

TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)

Fiscal and Policy Year Ended May 31, 2017	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	13,238,824	14,697,518	15,688,907
Ceded	2,388,402	3,384,361	3,434,788	5,051,301	5,216,462	5,159,433	6,215,069	6,688,906	7,163,740	7,269,796
Net Earned	2,696,436	2,623,960	3,510,668	3,665,371	5,306,775	6,088,161	6,343,412	6,549,918	7,533,778	8,419,111
2 Unallocated expenses	1,104,363	1,383,145	2,573,414	2,309,930	4,110,124	4,833,166	4,668,498	4,804,951	5,335,932	5,797,149
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	2,010,610	2,774,121	3,350,123
Ceded	-	-	352,567	256,474	350,700	464,814	1,743,201	162,610	400,704	772,852
Net Incurred	1,699,718	1,651,097	1,070,000	1,316,500	1,444,250	2,008,000	2,022,667	1,848,000	2,373,417	2,577,271
4 Net Paid (cumulative) as of										
End of Policy Year	743,293	873,513	364,855	459,952	534,515	804,331	1,193,900	886,998	1,351,008	1,642,608
One Year Later	959,934	564,884	712,795	720,923	763,546	1,462,904	1,997,058	1,471,714	2,068,087	-
Two Years Later	480,636	670,637	786,633	828,366	1,006,572	1,634,598	2,022,667	1,584,912	-	-
Three Years Later	573,177	758,273	904,830	840,207	1,034,882	1,806,348	2,014,682	-	-	-
Four Years Later	590,370	709,865	900,587	854,046	1,048,301	1,806,946	-	-	-	-
Five Years Later	590,778	709,865	899,986	853,421	1,068,935	-	-	-	-	-
Six Years Later	590,370	706,202	899,436	851,602	-	-	-	-	-	-
Seven Years Later	590,370	706,202	898,836	-	-	-	-	-	-	-
Eight Years Later	590,370	706,202	-	-	-	-	-	-	-	-
Nine Years Later	590,370	-	-	-	-	-	-	-	-	-
5 Reestimated ceded claims and expenses	1,535,861	2,218,653	913,878	940,505	1,202,282	2,201,240	5,502,942	568,486	702,107	772,852
6 Reestimated net incurred claims and expenses										
End of Policy Year	1,699,718	1,651,097	1,070,000	1,316,500	1,444,250	2,008,000	2,022,667	1,848,000	2,373,417	2,577,271
One Year Later	1,675,992	860,000	1,025,000	1,125,470	1,108,000	2,062,380	2,022,667	1,859,390	2,373,417	-
Two Years Later	623,028	807,537	990,000	1,005,710	1,240,214	1,975,029	2,022,667	1,809,930	-	-
Three Years Later	636,403	832,840	1,002,158	939,485	1,126,138	1,881,222	2,014,682	-	-	-
Four Years Later	590,370	752,840	918,122	880,086	1,090,526	1,818,928	-	-	-	-
Five Years Later	590,778	709,865	914,314	871,197	1,078,126	-	-	-	-	-
Six Years Later	590,370	706,202	911,967	860,140	-	-	-	-	-	-
Seven Years Later	590,370	712,314	906,967	-	-	-	-	-	-	-
Eight Years Later	590,370	706,202	-	-	-	-	-	-	-	-
Nine Years Later	590,370	-	-	-	-	-	-	-	-	-
7 Decrease in estimated net incurred claims and expense from end of policy year	(1,109,348)	(944,895)	(163,033)	(456,360)	(366,124)	(189,072)	(7,985)	(38,070)	-	-

NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

1. A Case of the Blues and All that Jazz
2. A Common Voice
3. Aberdeen Neighborhood Housing Services
4. Adams County Pet Rescue
5. Admiral Theatre Foundation, The
6. Adopt A Pet
7. Adult Family Home Council
8. Advancing Leadership Foundation
9. Advocates for Immigrants in Detention NW
10. Alchemy Indoor Skate Park & Ed Center
11. Alliance of People with disAbilities
12. Alternatives to Hunger
13. American Childhood Cancer Org. Inland NW
14. American Legion, Dept. of WA, The
15. American Legion-ArtSemroPost & LadiesAux
16. Anderson Island Historical Society
17. ANEW
18. Animals As Natural Therapy
19. Annie Wright Schools
20. Arc - King County, The
21. Arc of Kitsap & Jefferson County, The
22. Arc of Southwest Washington, The
23. Arlington/Smokey Pt. Chamber of Commerce
24. Artist Trust
25. Asotin County Food Bank
26. Assistance League of Everett
27. Associated Ministries of Tacoma-Pierce C
28. Association of WA Business/AWB Institute
29. Association of WA School Principals
30. Attain Housing
31. Attic Learning Community, The
32. Aurora Commons
33. Bainbridge Island Child Care Centers
34. Bangsund Dwelling Place, The, NFP/LUVES
35. Barn Ministries / The Barn Youth Center
36. Bastyr University
37. Battle Ground Chamber of Commerce
38. Bayside Swimming Club
39. Beats & Rhythms
40. Bellevue Boys & Girls Club
41. Bellingham Central Lions Club Foundation
42. Bellingham Christian School
43. Bellingham Visitors & Convention Bureau
44. Bellingham/Whatcom Chamber of Commerce
45. Bellwether Housing
46. Ben B. Cheney Foundation, Inc.
47. Benton City Chamber of Commerce
48. Benton-Franklin Co. Humane Society, The
49. Bethel Christian Life Center
50. Bethel Recreation Association
51. Bible Believers of Washington
52. Big Bend Community College Found.
53. Big Brothers Big Sisters of the INW
54. Bike Works Seattle
55. Black Diamond Community Center Assoc
56. Black Education Strategy Roundtable
57. Blaine Community Chamber of Commerce
58. Bldg Assc Poulsbo Ldg 44 Sons of Norway
59. Bleeding Disorder Foundation of WA, The
60. Blue Mountain Oncology Program
61. Boistfort Valley Water
62. Boost Collaborative
63. Boys & Girls Club of Benton & Franklin
64. Boys & Girls Club of the Columbia Basin
65. Boys & Girls Club of Thurston County
66. Boys and Girls Clubs of Skagit County
67. Brigadoon Service Dogs
68. Bright Water Waldorf Society
69. Brigid Collins House
70. Building Industry Assoc of Whatcom Co

NON PROFIT INSURANCE PROGRAM LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|---|---|
| 71. Burlington Little School | 106. Children's Discovery Foundation |
| 72. Bush School, The | 107. Children's Reading Foundation, The |
| 73. C.A.S.T. for Kids Foundation | 108. Christian Enterprises |
| 74. Camano Island Chamber of Commerce | 109. Christian Hope Association, The |
| 75. Camano Senior & Community Center | 110. Claquato Cemetery Association |
| 76. Camp Fire NCW | 111. Clearwater School, The |
| 77. Camp Fire Samish | 112. Cocoon House |
| 78. Camp Fire Snohomish County | 113. Columbia Breaks Fire Int Center |
| 79. Camp Horizon Foundation | 114. Colville Chamber of Commerce |
| 80. Camp Victory | 115. Colville Community Senior Center |
| 81. Capital Lakefair, Inc. | 116. Committee for Children |
| 82. Capitol Land Trust | 117. Communities in Schools of Federal Way |
| 83. Cascade Adaptive Sports | 118. Community Action Center |
| 84. Cascade Christian Schools | 119. Community Action of Skagit County |
| 85. Cascade Foothills Farmland Association | 120. Community Arts & Recreation Alliance |
| 86. Cascade Volleyball Club of Seattle | 121. Community Celebrations, Inc. |
| 87. Catholic Charities of Spokane | 122. Community Child Care Center |
| 88. CBVC | 123. Community Choice |
| 89. CDM Services | 124. Community Cultural Project of Tonasket |
| 90. Center for Organizational Reform | 125. Community Dinners - Seattle |
| 91. Center for Strengthening Teaching Prof. | 126. Community Enrichment for Klickitat Co |
| 92. Center for Wooden Boats, The | 127. Community Fndtn of Snohomish County |
| 93. Centralia - Chehalis Chamber of Commerce | 128. Community Frameworks |
| 94. Centrum | 129. Community Lifeline of Mason County |
| 95. Changes Parent Support Network | 130. Community Mediation Services |
| 96. Charles Wright Academy | 131. Community Transportation Assoc |
| 97. Chelan Douglas Counties Together! For a | 132. Community Youth Services |
| 98. Chelan Valley Hope | 133. Compassion House |
| 99. Chelan-Douglas Child Services Assoc. | 134. Conconully Chamber of Commerce |
| 100. Chelan-Douglas Co. Comm. Action | 135. Conservation NW |
| 101. Chelan-Douglas County CASA/GAL Program | 136. Construction for Change |
| 102. Chelan-Douglas Land Trust | 137. Continental Club, Inc., The |
| 103. Child Advocacy Center of Snohomish Co. | 138. Corbin Senior Activity Center |
| 104. Child Care Action Council of Thurston Co | 139. Cornerstone Christian School |
| 105. Children's Center | 140. Council on Aging & Human Services |

**NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)**

- | | |
|---|---|
| 141. Cove to Clover | 176. Elizabeth Home |
| 142. Cove West Home Owners Association | 177. Emerald City Pet Rescue |
| 143. Cowboy Campsite Members Assoc | 178. Emerald Heights Academy |
| 144. Crossroads Resource Center | 179. Emergency Support Shelter |
| 145. Cultural Access Washington | 180. Emmaus Center, The |
| 146. Cutter Theatre, The | 181. End of Life of Washington |
| 147. Daffodilians, Inc. | 182. Enterprise For Progress in the Community |
| 148. Delight Foundation | 183. Ephrata Chamber of Commerce Inc. |
| 149. Desert Aire Owners Association | 184. Ephrata Senior Center, Inc. |
| 150. Disability Action Center NW | 185. Eureka Thrift |
| 151. Dispute Resolution Center of Kitsap Co | 186. Everett Recovery Cafe |
| 152. Dispute Resolution Center of Thurston | 187. Everett Senior Center Foundation |
| 153. Downtown Action to Save Housing | 188. Evergreen Land Trust Association, The |
| 154. Downtown On the Go | 189. Evergreen Mountain Bike Alliance |
| 155. Downtown Pasco Dlvpt Authority | 190. Evergreen Safety Council |
| 156. Downtown Seattle Association | 191. Excel Public Charter School |
| 157. Dreamview Est Property Owners Assoc | 192. Explorer West An Indep. Middle School |
| 158. Dune Lakes Homeowners' Association | 193. F.A.C.E.S. Northwest |
| 159. Earth and Space Research | 194. Fair Housing Center of Washington |
| 160. EarthCorps | 195. Fair Work Center |
| 161. East Central Community Organization | 196. Faith Action Network |
| 162. East County Senior Center | 197. FaithMobile Ministries |
| 163. Eastside Baby Corner | 198. Family Renewal Shelter |
| 164. Eastside Catholic School | 199. Family Resource Center of Lincoln County |
| 165. Eastside Christian School | 200. Family Services of Grant County |
| 166. Eastside Preparatory School | 201. Family Support Center of South Sound |
| 167. Eastside Timebank | 202. Far West Agribusiness Association |
| 168. Ebenezer Christian School | 203. Farmer Consumer Awareness Day |
| 169. Ecumenical Christian Helping Hands | 204. Ferndale Chamber of Commerce |
| 170. Edmonds Center for the Arts | 205. Ferndale Food Bank |
| 171. Edmonds Senior Center | 206. Ferndale S.D. Parent Teacher Org/Booster |
| 172. Educational Oppor. for Child & Families | 207. First Five FUNdamentals |
| 173. Educational Programs in Home Living | 208. First Place |
| 174. Edwall Water Association | 209. Fish/Food Banks of Pierce County |
| 175. Eisenhower Band Prnts & Davis Buccaneers | 210. Food Lifeline |

NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|---|---|
| 211. Forest Ridge School of the Sacred Heart | 246. Greater Federal Way Ch. of Commerce |
| 212. Foundation for Private Enterprise Educat | 247. Greater Goldendale Area Chamber of Comm |
| 213. Frank Family Foundation | 248. Greater Grays Harbor |
| 214. Free Clinic of SW Washington | 249. Greater Hansville Community Center |
| 215. Friends of Camp Gallagher | 250. Greater Marysville Tulalip Cham. of Comm |
| 216. Friends of Children of Walla Walla | 251. Greater Seattle Chamber of Commerce |
| 217. Friends of Gladish | 252. Greater Spokane League Dist. #8 WIAA Sch |
| 218. Friends of Hospice | 253. Greater Tacoma Community Foundation, The |
| 219. Friends of Seattle Waterfront | 254. GreaterGood.org |
| 220. Friends of Stonerose Fossils | 255. Green Lake Preschool and Childcare Ctr |
| 221. Friends of the Carpenter | 256. Green River Coalition |
| 222. Friends of the North Fork Comm. Library | 257. Grow Food |
| 223. Friends of the South Whatcom Library | 258. Growing Places Farm & Energy Park |
| 224. Friends of Youth | 259. Grunewald Guild |
| 225. Friendship Adventures | 260. Hands on Children's Museum |
| 226. Fusion | 261. Harbor Assoc of Volunteers for Animals |
| 227. FuturesNW | 262. Harbor Wildwatch |
| 228. G. Weyerhaeuser Pac. Rim Bonsai Collect. | 263. Harrington Opera House Society |
| 229. Garden-Raised Bounty | 264. Hearth Homes, Inc. |
| 230. Garfield County Super Citizens | 265. Helping Hand House |
| 231. George Baldrige Pst #43-American Legion | 266. Helpline House |
| 232. George Community Hall, Inc. | 267. Hero House |
| 233. George Pocock Rowing Foundation | 268. Highline High School Booster Club |
| 234. German Heritage Society | 269. Hillcrest Water Users Association |
| 235. Giddens School | 270. Hispanic Chamber of Commerce Yakima Co |
| 236. Glen Community Association, The | 271. Historic Downtown Chelan Association |
| 237. Global Online Academy | 272. Historic Downtown Kennewick Partnership |
| 238. Global Visionaries | 273. Historic Fox Theatre Restorations |
| 239. Goodwill Contracting Services | 274. Historical Society of Federal Way |
| 240. Goodwill Heritage Foundation | 275. Home Trust of Skagit |
| 241. Goodwill of the Olympics & Rainier Reg | 276. Homeless Youth Workgroup of Yakima Co. |
| 242. Grand Coulee Dam Seniors Inc. | 277. Homeownership Center of Tacoma |
| 243. Grandview Chamber of Commerce | 278. HomeSight |
| 244. Grandview SD Parent Teacher Org/Booster | 279. Homeward Bound |
| 245. Grant County Animal Outreach | 280. Homeward Bound in Puyallup |

**NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)**

- | | |
|---|--|
| 281. Hood Canal Salmon Enhancement Group | 316. Key Peninsula Civic Center Association |
| 282. Hooves With Heart | 317. Kidstown International, Inc. |
| 283. Hospitality House | 318. Kitsap Community Foundation |
| 284. Housing Hope | 319. Kitsap Immigrant Assistance Center |
| 285. Human Services Council | 320. Kla-Ha-Ya Days Festival |
| 286. Humane Society - Western Region | 321. Knights of Columbus |
| 287. Humane Society of Cowlitz County, SPCA | 322. Kornerstone Kids P.S. |
| 288. Icicle Creek Center for the Arts | 323. Kulshan Community Land Trust |
| 289. Icicle Fund | 324. L & E Academy Foundation |
| 290. Ignite Ministries | 325. Lahari, Inc. |
| 291. Imagine Children's Museum | 326. Lake and Park School, The |
| 292. InFocus Ministries | 327. Lake Chelan Boating Club |
| 293. In-Home Care of Central Washington | 328. Lake Chelan Chamber of Commerce |
| 294. Inland Northwest Land Trust | 329. Lake Connor Park |
| 295. Institute for Community Leadership | 330. Lake Cushman Maintenance Co. |
| 296. Interfaith Coalition of Whatcom County | 331. Lake Sawyer Community Club |
| 297. Interfaith Works | 332. Lake Stevens Senior Center |
| 298. International Children's Care | 333. Lake Tyee |
| 299. International District Parking Assoc. | 334. Lake Washington Rowing Club |
| 300. International Peace Arch Association | 335. L'Arche Tahoma Hope Community |
| 301. Island Volunteer Caregivers | 336. Laughing Horse Arts Foundation |
| 302. Issaquah Food and Clothing Bank | 337. Leadership Snohomish County |
| 303. Jansen Art Center | 338. Learning Avenues Child Care Centers |
| 304. Jefferson Community School | 339. Learning Well, The |
| 305. Jefferson County Historical Society | 340. Leavenworth Summer Theater |
| 306. Jensen Memorial Youth Ranch | 341. Legacy Homeschool Center |
| 307. Jet Oldsters Assoc. of Ferndale, The | 342. Leif Erikson Recreation Association |
| 308. Jubilee Academy | 343. Lewis & Clark Dst Council of St.Vincent |
| 309. Jubilee Women's Center | 344. Lewis County Economic Dev Council |
| 310. Kent Food Bank & Emergency Services | 345. Lewis County Historical Society |
| 311. Kent SD Parent Teacher Org/Boosters | 346. Lewis County Mental Health Association |
| 312. Kent Youth and Family Services | 347. Lewis County Work Opportunities |
| 313. Kent Youth Soccer Association | 348. Liberty Christian School Tri-Cities |
| 314. Kettle Falls Area Chamber of Commerce | 349. Life Services of Spokane |
| 315. Kettle Falls Youth Works | 350. Lighthouse Christian Ministries |

NON PROFIT INSURANCE PROGRAM LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|---|---|
| 351. Lighthouse Christian School | 386. Moses LakeSD Parent Teacher Org/Boosters |
| 352. Lincoln Theatre Center Foundation | 387. Mount Baker Theatre |
| 353. Listen and Talk | 388. Mount Vernon Christian School Assoc. |
| 354. Local Development Council of Tacoma | 389. Mount Vernon Parks Foundation |
| 355. Long Live the Kings | 390. Mountain Sprouts Children's Community |
| 356. Lopez Children's Center | 391. Mountaineers Foundation |
| 357. Lopez Community Center Association | 392. Mountaineers, The |
| 358. Lopez Housing Options (LOHO) | 393. Mountains To Sound Greenway Trust |
| 359. Lost Lake Property Owners Association | 394. Mt Baker Foothills Chamber of Commerce |
| 360. Lower Columbia Community Action Council | 395. Mt. Baker Co-op Preschool |
| 361. Lower Valley Crisis & Support Services | 396. Mt. Baker Rim Community Club |
| 362. Lynden Chamber of Commerce | 397. Mt. Baker Water Association, Inc. |
| 363. Lynden Christian School | 398. Mt. Si Senior Center |
| 364. Lynden Community Senior Center | 399. Music Theatre of Wenatchee, Inc. |
| 365. Lynden Youth Sports | 400. Mustard Seed Project of Key Peninsula |
| 366. Making A Difference Foundation | 401. MVR Ministries |
| 367. Mamma's Hands | 402. N.E.W. Family Life Services |
| 368. Marysville Community Food Bank | 403. NAMI Eastside |
| 369. Mason County HOST | 404. NARAL Pro-Choice Washington |
| 370. Masquers of Grant County | 405. NCW Business Loan Fund |
| 371. Master's Christian School, The | 406. Neighborhood House, Inc. |
| 372. Mayfield Lake Youth Camp, Inc | 407. Nellie Goodhue Group Homes Inc. |
| 373. Methow Conservancy | 408. New Earth Recovery |
| 374. Methow Salmon Recovery Foundation | 409. New Hope Health Center |
| 375. Metropolitan Development Council, The | 410. New Life Christian School |
| 376. Mid Puget Sound Fisheries Enhancement Gp | 411. New Phoebe House Association |
| 377. Mid-City Concerns | 412. Nisqually Land Trust |
| 378. Millionair Club, Inc. | 413. North Cascades Institute |
| 379. Mirror Ministries | 414. North County Recreation Association |
| 380. Mission Vista | 415. North Kitsap Fishline |
| 381. Monroe Christian School Society | 416. North Olympic Land Trust |
| 382. Morningside | 417. North Olympic Salmon Coalition |
| 383. Moses Lake Chamber of Commerce | 418. North Sound Acct. Comm. of Health |
| 384. Moses Lake Christian Academy | 419. North Twin Lakeview Homeowners Assoc. |
| 385. Moses Lake Senior Opportunity & Services | 420. Northeast Community Center Association |

**NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)**

- | | |
|---|---|
| 421. Northshore Senior Center | 456. Orcas Christian School Foundation |
| 422. Northsound Assn. for Catholic Education | 457. Orcas Daycare Association |
| 423. Northwest Autism Center, The | 458. Orcas Island Community Foundation |
| 424. Northwest Christian Schools, Inc. | 459. Oregon Primate Rescue |
| 425. Northwest Family Life | 460. Orting Food Bank |
| 426. Northwest Harvest/EMM | 461. Pacific Arts Association |
| 427. Northwest Maritime Center | 462. Pacific Christian Academy |
| 428. Northwest North Pole Adventures, Inc | 463. Pacific Education Institute |
| 429. Northwest Sinfonietta | 464. Pacific Mtn Workforce Developmt Council |
| 430. Northwest Svcs for Independent Living | 465. Padilla Bay Foundation |
| 431. Northwest Wall and Ceiling Bureau | 466. Palouse Chamber of Commerce |
| 432. Northwest Washington Medical Society | 467. Palouse Community Center |
| 433. Northwest Youth Music Association | 468. Palouse Discovery Science Center |
| 434. NW School for Hearing-Impaired Children | 469. Palouse River Counseling Center |
| 435. Oak Harbor Christian School | 470. Panther Booster Club, The |
| 436. Oaks Education Association | 471. Panza |
| 437. Oakview Association | 472. Paradise Lakes Country Club |
| 438. Ocean Shores Community Club | 473. Paratransit Services |
| 439. OCS Supporting Foundation | 474. Passages Family Support |
| 440. Odessa Chamber of Commerce | 475. Pateros/Brewster Community Resource Cent |
| 441. Office of Rural and Farmworker Housing | 476. Paul Lauzier Scholarship Foundation |
| 442. Okanogan Chamber of Commerce | 477. Pelican Point Community Association |
| 443. Okanogan Co. Transportation & Nutrition | 478. Peninsula Services |
| 444. Okanogan County Child Development Assn | 479. Peninsula Trails Coalition |
| 445. Okanogan County Community Action Council | 480. People For People |
| 446. Okanogan County Community Coalition | 481. Permaculture Lifestyle Institute |
| 447. Olympia Tumwater Foundation | 482. Peshastin Domestic Water Users |
| 448. Olympic Community Action Programs | 483. Pet Partners |
| 449. Olympic Neighbors | 484. Phinney Neighborhood Association |
| 450. Onalaska Alliance for Sustainable Comm | 485. Phoenix Rising School, The |
| 451. One to One of Lynden | 486. Pickford Film Center |
| 452. OneRedmond | 487. Pierce County Alliance |
| 453. OPAL Community Land Trust | 488. Pierce County Ctr for Dispute Resolution |
| 454. Open Window School, The | 489. Plateau Outreach Ministries |
| 455. Oper Veterans Assist & Humanitarian Aid | 490. Plymouth Housing Group |

NON PROFIT INSURANCE PROGRAM LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|--|---|
| 491. Ponderosa Community Club, Inc. | 526. Rimrock Meadows |
| 492. Pope's Kids Place | 527. Ripple Foundation, The |
| 493. Port Jobs | 528. Riverside Christian School |
| 494. Port Townsend Aero Museum | 529. Rochester Organization of Families |
| 495. Port Townsend Business Park, L.P. | 530. Room One |
| 496. Port Townsend Film Institute | 531. Rubicon Foundation |
| 497. Port Townsend Main Street Program | 532. Rural Community Development Resources |
| 498. Powerful Voices | 533. Rural Resources Community Action |
| 499. Prairie Ridge Maintenance Co. | 534. Ryan's House for Youth |
| 500. Pregnancy Aid of Washington | 535. Sacred Earth Foundation |
| 501. PRIDE Prep Schools | 536. Safe Family Ministries |
| 502. Proctor District Association, The | 537. Sagebrush Seniors of Grant County |
| 503. Project Canine | 538. Saint's Pantry Food Bank, The |
| 504. Projekt Bayern Association | 539. Salem Arms Community Housing |
| 505. Prosser Cemetery Association | 540. Samena Club |
| 506. Prosser Chamber of Commerce | 541. Sawhorse Revolution |
| 507. Pullman Chamber of Commerce | 542. Seabeck Christian Conference Center, Inc |
| 508. Pullman Community Council on Aging, The | 543. Sean Humphrey House |
| 509. Purrfect Pals | 544. Seattle Christian School Association |
| 510. Puyallup Valley St. Francis House | 545. Seattle Neighborhood Group |
| 511. Quality Behavioral Health | 546. Seattle Police Foundation |
| 512. Quilceda Community Services | 547. Seattle Preparatory School |
| 513. Quincy Valley Chamber of Commerce | 548. Seattle-King Co Conv & Visitors Bureau |
| 514. Quincy Valley Historical Soc. & Museum | 549. Seeds of Hope Ministries |
| 515. Quincy Valley School | 550. Senior Life Resources |
| 516. Rainier Foothills Wellness Foundation | 551. Senior Serv Council San Juan Co - Orcas |
| 517. Rainier Prep | 552. Senior Services for South Sound |
| 518. RE Sources | 553. Senior Services of Snohomish County |
| 519. Reach Beyond Challenge Course | 554. Service Board, The |
| 520. Rebound of Whatcom County | 555. Share and Care House |
| 521. Recreation Northwest | 556. Sherwood Community Services |
| 522. Refugee Federation Service Center | 557. Shoreline-Lake Forest Park Arts Council |
| 523. Reliable Enterprises | 558. SideWalk |
| 524. Renton Area Youth and Family Services | 559. SIFF |
| 525. ReUse Works | 560. SightConnection |

NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|---|--|
| 561. Silvana Community Fair Board | 596. Spokane Urban Ministries, Inc. |
| 562. Skagit Domestic Violence&Sexual Assault | 597. Spokane Valley Partners |
| 563. Skagitonians To Preserve Farmland | 598. Spokane Valley Senior Citizens Assoc. |
| 564. SKCAC Industries and Employment Services | 599. Spokane Waldorf Education Association |
| 565. Sky Valley Chamber of Commerce | 600. Spokefest Association |
| 566. Sky Valley Food Bank | 601. Sprague Chamber of Commerce |
| 567. Small Faces Child Development Center | 602. St. Paul's Academy |
| 568. Snohomish Community Food Bank | 603. Stanwood Chamber of Commerce |
| 569. Snohomish SD Parent Teacher Org/Boosters | 604. Stanwood Community and Senior Center |
| 570. Snohomish Seniors | 605. Stanwood-Camano Food Bank Services |
| 571. Sno-King Amateur Hockey Association | 606. Steilacoom Historical Museum Association |
| 572. Snoqualmie Falls Forest Theater | 607. Step By Step Family Support Center |
| 573. Sno-Valley Tilth | 608. Stewardship Foundation |
| 574. Snowline Community Club | 609. Stilly-Snohomish Fisheries Enhancemnt TF |
| 575. SOAR Academies | 610. Sunland Estates Homeowners Assoc. |
| 576. SoDo Business Improvement Area | 611. Sunnyside Christian School |
| 577. Sound Generations | 612. Support, Advocacy, and Resource Center |
| 578. Source of Spokane, The | 613. Supporters of the Center |
| 579. South Central Workforce Develop. Council | 614. Sustainable Connections |
| 580. South King Co. St Vincent dePaul N.F.P | 615. Symphony Tacoma |
| 581. South of the Sound Comm Farm Land Trust | 616. Tacoma Community House |
| 582. South Park Area Redevelopment Committee | 617. Tacoma Musical Playhouse |
| 583. South Park Senior Citizens | 618. Tacoma Pierce County Chamber of
Commerce |
| 584. South Puget Sound Salmon Enhancement | 619. Tacoma Waldorf School |
| 585. South Sound Dream Center | 620. Tacoma Youth Symphony Association |
| 586. South Sound Outreach Services | 621. Tacoma/Pierce Co Habitat for Humanity |
| 587. SouthEast WA Economic Development Assoc | 622. Tacoma-Pierce County Business Alliance |
| 588. Specialized Housing Incorporated | 623. Tahoma Associates |
| 589. Spokane C.O.P.S | 624. Tahoma Audubon Society |
| 590. Spokane Historic Concerts Association | 625. Technic Training Center |
| 591. Spokane Hoopfest Association | 626. Terrain Programs |
| 592. Spokane Housing Ventures | 627. The Permission to Start Dreaming |
| 593. Spokane International Academy | 628. Thumbnail Theater |
| 594. Spokane Neighborhood Action Partners | 629. Thurston County Food Bank Inc. |
| 595. Spokane Treatment and Recovery Services | |

NON PROFIT INSURANCE PROGRAM LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)

- | | |
|---|---|
| 630. Tierra Village | 665. Volunteer Firemen, Inc. - Whitman County |
| 631. Tillicum Riders | 666. WA Alliance for Better Schools |
| 632. Timebanks of Puget Sound | 667. WA Assoc of School Business Officials |
| 633. Tiny Trees Preschool | 668. WA Association for Pupil Transportation |
| 634. TOGETHER! | 669. WA Association of School Administrators |
| 635. Toxic-Free Future | 670. WA Career & Technical Sports Med. Assoc. |
| 636. Trancare | 671. WA Center for the Performing Arts, The |
| 637. Transition Fidalgo & Friends | 672. WA Community Action Network |
| 638. Transitional Resources | 673. WA Early Learning Fund |
| 639. Tri County Partners Habitat for Humanity | 674. WA Gorge Action Programs |
| 640. Tri-Cities Chaplaincy | 675. WA Growers League |
| 641. Tri-Cities Food Bank | 676. WA Health Foundation |
| 642. Tri-City Development Council | 677. WA Indian Gaming Association |
| 643. Tri-City Regional Chamber of Commerce | 678. WA Initiative for Supported Employment |
| 644. Trilogy Recovery Community | 679. WA Occupational Information System |
| 645. Tri-State Steelheaders | 680. WA St Society for Healthcare Engineering |
| 646. Turning Pointe Domestic Violence Svcs | 681. WA State Animal Response Team |
| 647. Union Gospel Mission Assoc of Olympia | 682. WA State Association of Fire Chiefs |
| 648. Union Gospel Mission of Yakima | 683. WA State Autumn Leaf Festival |
| 649. Union Hill Water Association | 684. WA State Cheer Coaches Assoc |
| 650. UNITE Family Services | 685. WA State Community Action Partnership |
| 651. Univ Heights Ctr for the Comm Assoc, The | 686. WA State Crop Improvement Association |
| 652. University Congregational Housing Assoc | 687. WA State Democratic Central Committee |
| 653. Upper Valley Connection | 688. WA State Narcotics Investigators Assoc. |
| 654. Upper Valley MEND/Cornerstone Community | 689. WA State Tactical Officers Association |
| 655. USO Northwest | 690. WA State Tree Fruit Association |
| 656. Valley Arts United | 691. WA State University Alumni Association |
| 657. Valleyfest | 692. WA Technology Student Association |
| 658. Vashon HouseHold | 693. WA Trails Association |
| 659. Vashon Youth and Family Services | 694. WA Vocational Services |
| 660. Via, Veritas, Vita | 695. wafla |
| 661. Village Community Services | 696. Walla Walla Community Hospice |
| 662. Village Green Foundation | 697. Wallingford Community Senior Center |
| 663. Visiting Nurses Foundation | 698. Walter Clore Wine & Culinary Center |
| 664. Vista Hermosa Foundation | 699. Warm Beach Christian Camp & Conf. Center |

**NON PROFIT INSURANCE PROGRAM
LIST OF PARTICIPATING MEMBERS/T1 SCHEDULE (UNAUDITED)**

- | | |
|---|---|
| 700. Warm Beach Water Association | 732. Yakima Basin Fish & Wildlife Recov.Board |
| 701. Washington Cattlemen's Association | 733. Yakima Greenway Foundation |
| 702. Washington FFA Association | 734. Yakima Tennis Club, The |
| 703. Washington HVACCA | 735. Yakima Valley Visitors & Convention Bure |
| 704. Washington Nonprofits | 736. Yelm Adult Community Center |
| 705. Wenatchee Christian Early Learning | 737. Yelm Community Schools PTOs/PTAs |
| 706. Wenatchee River Institute | 738. Yelm Community Services |
| 707. Wenatchee Valley College Foundation | 739. YMCA of the Palouse |
| 708. Wenatchee Valley Museum and Cultural Cen | 740. Young Women's Christian Assoc of Spokane |
| 709. Wenatchee Valley Senior Activity Center | 741. Youth and Outreach Services |
| 710. West Coast Aquatics | 742. Youth Services of Kittitas County |
| 711. West Richland Chamber of Commerce | 743. YWCA Clark County |
| 712. Westside School | 744. YWCA of Bellingham |
| 713. Whatcom Alliance for Healthcare Access | 745. YWCA of Olympia |
| 714. Whatcom Center for Early Learning | 746. YWCA Pierce County |
| 715. Whatcom Council on Aging | |
| 716. Whatcom County Dairy Women | |
| 717. Whatcom Family YMCA | |
| 718. Whatcom Humane Society | |
| 719. Whatcom Mountain Bike Coalition | |
| 720. Whatcom Symphony Orchestra | |
| 721. Whatcom-Skagit Housing | |
| 722. White Pass Community Services Coalition | |
| 723. Whitewater Aquatics Management | |
| 724. Whitman County Historical Society | |
| 725. Wider Horizons | |
| 726. Wilbur Chamber of Commerce | |
| 727. Wishing Star Foundation | |
| 728. Women & Chldn Free Restaurant & Com Kitc | |
| 729. Women's Funding Alliance, The | |
| 730. Women's Resource Center of NCW | |
| 731. Worker Rights Alliance | |

**NON PROFIT INSURANCE PROGRAM
SCHEDULE OF EXPENDITURES/T2 (UNAUDITED)
FISCAL YEAR ENDED MAY 31, 2017**

Contracted services	
Third party administrator/directors fees	\$ 1,371,034
Actuary study	18,250
Audit expenses	36,007
Professional/consulting fees	49,809
General administrative expenses	
Account education/simulators	43,934
Miscellaneous and supplies	37,325
Meeting expense	1,821
Conferences	8,332
Marketing	14,191
Group legal and accounting	3,760
License/dues/subscriptions	3,454
Travel	39,084
Underwriting/placement fees	1,291,801
Prelitigation program	157,590
Medicare reporting	10,000
Tax preparation fees	2,205
Other	
Brokerage fees/reinsurance	1,272,488
Sponsorships/donations	8,500
Directors E&O	20,494
	<hr/>
Total general and administrative expenses	<u>\$ 4,390,079</u>

(*Total operating expenses detailed on this schedule includes general and administrative expenses from the income statement.)