

REPORT ON EXAMINATION
AS TO CONDITION OF
SLOVAK CATHOLIC SOKOL
PASSAIC, NEW JERSEY 07055
AS OF DECEMBER 31, 2022
NAIC COMPANY CODE 57193

FILED

April 10, 2024

Commissioner

New Jersey Department

of

Banking and Insurance

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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

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March 5, 2024

Honorable Justin Zimmerman
Acting Commissioner
Department of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Commissioner:

In accordance with the authority vested in you by the revised statutes of New Jersey N.J.S.A. 17:44B-27 an examination has been made of the assets, liabilities, methods of conducting business and other affairs of the:

**SLOVAK CATHOLIC SOKOL
PASSAIC, NEW JERSEY 07055-5224
NAIC COMPANY CODE 57193**

Hereinafter referred to as the "Sokol", "Fraternal" or "Society".

SCOPE OF EXAMINATION

This comprehensive financial condition examination was called by the Commissioner of the New Jersey Department of Banking and Insurance (hereafter “NJDOBI” or “Department”) pursuant to the authority granted by N.J.S.A. 17:23-22.

The New Jersey Department of Banking and Insurance conducted a financial condition examination of the Slovak Catholic Sokol for the five-year period ending December 31, 2022, which included a review of material transactions and/or events occurring subsequent to the examination date. The examination addressed the five-year period from December 31, 2017, the date of the last examination, to December 31, 2022. During the five-year period under examination, the Society’s assets increased from \$84,108,248 to \$99,750,407, liabilities increased from \$75,834,649 to \$93,635,815 and total surplus decreased from \$8,273,599 to \$6,114,591. The examination was conducted remotely.

The New Jersey Department of Banking and Insurance (“NJDOBI”) conducted the examination in accordance with the 2022 edition of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires the NJDOBI to plan and perform a risk focused examination in order to evaluate the financial condition and identify prospective risks of the Society. To meet these objectives, the NJDOBI obtained information regarding the Society’s corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated the Society’s system of internal controls and procedures used to mitigate identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation, management’s compliance with Statutory Accounting Principles and Annual Statement instructions when applicable to domestic state regulations.

According to the NAIC Handbook, “One of the increased benefits of the enhanced risk focused approach is to include consideration of other than financial risks that could impact the insurer’s future solvency. By utilizing the risk focused approach, the examiner reviewed the “financial” and “enterprise” risks that existed at the examination “as of” date and will be positioned to assess “financial” and “enterprise” risks that extend or commence during the time the examination was conducted and “prospective” risks which are anticipated to arise or extend past the point of examination completion. Using this approach, examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer.”

All accounts and activities of the Society were considered in accordance with the risk focused examination process. The examination report only addresses regulatory information revealed by the examination process in accordance with the NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion in this report.

Pursuant to the provisions of N.J.A.C. 11:2-26.4, an annual independent audit was performed by the CPA firm of Ansel & Slotopolsky, LLP (A&S) for each of the years under examination and filed with the New Jersey Commissioner of Banking and Insurance.

A&S provided an unmodified audit opinion on the fair presentation of the Fraternal's year-end financial statements based on statutory accounting principles for the reporting year period ending December 31, 2022. Relevant work performed by the CPA firm during its annual audit of the Society was reviewed during the examination and incorporated into the examination work papers whenever feasible to facilitate efficiencies.

COMPLIANCE WITH PRIOR REPORT RECOMMENDATIONS

Treatment of Policyholders

The Society is to maintain records of all written complaints of enrollees and maintain procedures for the resolution of those complaints. The Society was unable to provide records of all written complaints of enrollees occurring during the examination period. Consequently, it is recommended the Company maintain a record of all written complaints of enrollees and ensure these records are available for review in accordance with N.J.S.A. 17B:30-13.2.

The Fraternal complied with this recommendation

Escheatment of Funds

In accordance with N.J.S.A. 46:30B-22, the Society is to file a report with the New Jersey State Treasurer on Funds held and owed to insureds three years past due and payable and presumed abandoned. It is recommended such a report be filed with the New Jersey State Treasurer in accordance with N.J.S.A. 46:30B-22.

The Fraternal did not comply with this recommendation.

HISTORY

General

The Slovak Catholic Sokol was organized on July 4, 1905, in Passaic, New Jersey and incorporated on December 1, 1905, under the name "Slavonian Roman and Greek Catholic Gymnastic Union Sokol of Passaic, New Jersey," under the provisions of an Act of the Legislature of the State of New Jersey titled, "An Act to Incorporate Associations not for Pecuniary Profit," approved April 21, 1898, along with the several supplements thereto and amending thereof.

The Society is currently authorized to transact the business of insurance as specified in N.J.S.A. 17:44B et seq. The Society's principal office is located at 205 Madison Street, Passaic, New Jersey 07055. The registered agent in charge, upon whom process may be served, is Scott T. Pogorelec, Supreme Secretary of the Sokol.

Ownership

The Slovak Catholic Sokol is an athletic and gymnastic fraternal benefit society incorporated under the laws of the State of New Jersey as a non-pecuniary society with a ritualistic and representative form of government.

MANAGEMENT AND CONTROL

According to the most recent amended By-Laws, the management of Slovak Catholic Sokol shall consist of four (4) branches, namely:

- a) The Convention
- b) The Supreme Assembly
- c) The Supreme Board of Directors
- d) The Supreme Physical Fitness Board

The Convention shall be the supreme law-making body and final judicial authority, composed of Supreme Officers, Honorary Supreme Officers, Group Chaplains, Group Presidents, Group Sports Directors, Group Physical Directors, Group Physical Directresses, and Delegates of the Assemblies and Wreaths. The Convention shall be held every four years. The last Convention held, governing the examination date as of December 31, 2022, was in August 4, 2019 through August 7, 2019 in Cleveland, Ohio.

Members of the Supreme Assembly, elected from the delegates at the Convention, shall consist of the following officers: Supreme Chaplain, Supreme President, Supreme Vice President, Supreme Secretary, Supreme Treasurer, General Counsel, Chairperson of Supreme Auditors, two Auditors, Supreme Director of Sports and Athletics, Supreme Assistant Director of Sports and Athletics, Supreme Physical Director, Supreme Assistant Physical Director, Supreme Physical Directress, Supreme Assistant Physical Directress, and two (2) male and two (2) female members of the Supreme Physical Fitness Board.

Each Supreme Officer must conscientiously fulfill his/her official duties as prescribed by the Bylaws. No Supreme Officer shall seek the third consecutive term in the same office, except the Supreme Chaplain, Supreme Secretary, and General Counsel.

The following is a listing of the members of the Supreme Assembly serving at December 31, 2022:

<u>Office</u>	<u>Name</u>
Supreme Board of Directors Members	See next table below
Auditor	Bradley P. Hoeck
Auditor	Edward Bajus
Assistant Director of Sports and Athletics	Frank P. Laury, III
Assistant Physical Director	Dusan Dorich
Assistant Physical Directress	Nancy Kropolinsky
Physical Fitness Board Member	Jamy Matlon
Physical Fitness Board Member	Vacant
Physical Fitness Board Member	Kristn Popik
Physical Fitness Board Member	Robert R. Palchanis, III

The Board of Directors shall consist of the following members of the Supreme Assembly: Supreme Chaplain, Supreme President, Supreme Vice President, Supreme Secretary, Supreme Treasurer, General Counsel, Chairperson of Supreme Auditors, Supreme Director of Sports and Athletics, Supreme Physical Director, and Supreme Physical Directress.

The Board of Directors shall have the power and authority to manage, govern, and administer the business of the Society. They shall enforce the Bylaws and all matters and recommendations of the Convention, but shall have no authority to change, alter, amend, or rescind them. They shall supervise the activities of all Groups, Assemblies, Wreaths, and their officers.

The Board of Directors shall meet at least once every quarter, or as needed as requested by the Supreme President. A majority of the Board of Directors shall constitute a quorum.

The following is a listing of the Supreme Board of Directors and Supreme Officers serving at December 31, 2022:

<u>Office</u>	<u>Name</u>	<u>Principal Occupation</u>
Supreme Chaplain	Rev. Andrew S. Hvozdovic	Priest
Supreme President	Michael J. Horvath	Retired
Supreme Vice President	Edward D. Moeller	Revenue Control Specialist Allegheny County Airport Authority
Supreme Secretary	Scott T. Pogorelec	Supreme Secretary Slovak Catholic Sokol
Supreme Treasurer	James F. Knis	Retired
General Counsel	John D. Pogorelec	Attorney Self-Employed
Supreme Chairperson of the Auditors	James G. Jerek	Business Manager Mahoning County SWMD
Supreme Sports Director	James C. Matlon	Senior Financial Consultant Metropolitan Life Insurance Company
Supreme Physical Director	Martin Degnan	Kitchen Staff Chacko's Family Bowling Center
Supreme Physical Directress	Katy A. Swift	No professional Occupation

The Supreme Physical Fitness Board shall consist of the following: Supreme Director of Sports and Athletics, Supreme Assistant Director of Sports and Athletics, Supreme

Physical Director, Supreme Assistant Physical Director, Supreme Physical Directress, Supreme Assistant Physical Directress, and two (2) male and two (2) female members of the Supreme Physical Fitness Board. The Supreme President and Supreme Secretary shall act as advisors.

This organization is formed to ensure that all calisthenics, gymnastics, sports, and athletic activities are arranged and staged efficiently and satisfactorily. Each member shall submit a written report to the Chairperson annually, which will be presented to the Annual Meetings of the Board of Directors and the Convention, to be printed in the official publication.

CORPORATE RECORDS

The minutes of meetings of directors and committees adequately approved and supported the Society’s transactions and events. The previous examination report was reviewed by the Society’s directors and the Convention delegates.

POLICY ON CONFLICTS OF INTEREST

The Society has a policy statement in effect with respect to conflicts of interest, which are signed annually by directors, officers and employees of the Sokol and filed in the home office.

According to the Sokol’s procedures, signed conflict of interest questionnaires and any changes should be discussed at the annual Board of Directors’ meeting. For the period under examination, the approval of the Statement on Conflict of Interest was made part of the minutes of the Board of Directors’ meeting.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

At December 31, 2022, the Society maintained a financial institution bond in the amount of \$1,000,000 that includes coverage for forgery or alteration and securities. Based on the NAIC exposure index guidelines for minimum amounts of fidelity insurance, the amount of coverage for the Society appears to be adequate.

In addition, the Society also maintains the following insurance coverages:

<u>COVERAGE</u>	<u>LIMITATIONS</u>	
Commercial Umbrella	\$ 5,000,000	Each Occurrence
	\$ 5,000,000	General Aggregate
Commercial Property	\$ 6,602,490	Home Office Building
	\$ 775,253	Business Personal Property
Commercial General Liability	\$ 1,000,000	Each Occurrence
	\$ 2,000,000	General Aggregate
	\$ 2,000,000	Products Completed Aggregate
	\$ 1,000,000	Personal and Advertising Injury
	\$ 1,000,000	Hired and Non-Owned Auto

	\$ 500,000	Damage to Premises Rented (any one premises)
	\$ 15,000	Medical Expense (any one person)
Workers' Compensation	\$ 500,000	Injury (each accident)
	\$ 500,000	Disease (each employee)
	\$ 500,000	Disease (policy limit)

EMPLOYEE WELFARE AND PENSION PLANS

The Society has a non-contributory pension plan known as the “Supreme Officers and Employees’ Retirement Plan of the Slovak Catholic Sokol,” covering all full-time employees and their beneficiaries. The plan was established in 1961 and was re-approved by the Internal Revenue Service on March 31, 2010. It was amended in 2002 and again in 2012, offering new options for employees effective as of April 15, 2012. There have been no amendments or changes to the retirement plan since the last examination other than the plan benefit has been closed to new hires starting in 2018. At December 31, 2022, the Society accrued \$4,987,780 for this benefit, which was actuarially determined.

The Society has not complied with the following prior examination management letter comment. The Society has not complied with SSAP 102 (8) as it has not segregated the plan assets and restricted them to provide for pension benefits. Assets should be effectively restricted in a separate trust account for the sole benefit of the pension plan beneficiaries.

The Society has not complied with SSAP 102 (68) as it has not properly made the pension disclosures in note 12 of the 2022 Annual Statement. In addition, restricted assets should be noted in the respective cash and investment schedules, other notes (i.e. note 5 – investments) and the general interrogatory sections (i.e. GI 26.2) of the Annual Statement.

In addition, the Society has not complied with SSAP 102 (43 thru 48) – measurement of plan assets. Once the separate trust is established, the plan assets should be recorded at fair market value as opposed to the accounting valuation of the Society’s general account investments (i.e. bonds are recorded at amortized cost in the general account while bonds in the plan assets account would be recorded at fair market value (“FMV”). As of December 31, 2022, and prospectively, as of the latest available quarterly filing (2Q 2023), the FMV of bonds are lower than their amortized cost resulting in a difference in valuation between the two accounting methods.

Also, since pension assets (plan assets) are restricted assets, these may impact the risk based-capital (RBC) ratio calculations with potential, additional risk charges and/or adjustments to total adjusted capital.

The Society also provides group life insurance, disability, medical and dental care benefits to all regular full-time employees and their dependents. These coverages, funded in full by the Society, are written through the Hartford and Horizon Blue Cross/Blue Shield.

POLICY FORMS AND UNDERWRITING PRACTICES

The Society is approved to write the following types of insurance and annuity products:

<u>Life Plans</u>	<u>Applicable Age</u>	<u>Limits</u>
Whole Life (Legacy Life)	0 to 80	\$5,000 to \$100,000
Single Premium Life (SPL)	0 to 90	\$5,000 to \$100,000
20 Year Payment Life (Legacy 20)	0 to 80	\$5,000 to \$100,000

The Society also offers Traditional Individual Retirement Account (IRA) and Roth IRA as qualified plans.

Face amounts over \$100,000 are offered on a case by case basis. The Society uses the *LA-10 Application for Life Insurance* form for Legacy plans \$60,000 and under. Form *LAL-10* is used for amounts exceeding this amount.

<u>Riders</u>	<u>Applicable Age</u>
Accidental Death Benefit	0 to 55
Disability Waiver of Premium	16 to 55
Payor Waiver of Premium	16 to 55

Riders are only applicable to Legacy Life and Legacy 20.

<u>Term Plans</u>	<u>Applicable Age</u>	<u>Limits</u>
Term to Age 25	0 to 24	\$10,000 to \$50,000
5 Year Renewable Term	16 to 65	\$5,000 to \$100,000

The 5-year term could be renewed without proof or declaration of insurability up to age 70 at a higher premium rate applicable to the attained age at the renewal date. It can also be converted at any time, prior to age 65, to a permanent life plan without proof or declaration of insurability. Upon the expiry date, the term to age 25 policy offers the insured a guaranteed right to obtain new insurance on a permanent life plan without proof or declaration of insurability.

<u>Annuity Plans</u>	<u>Applicable Age</u>	<u>Deposits</u>
Vantage 1	0 to 90	\$5,000 to \$100,000
Vantage 3	0 to 90	\$5,000 to \$200,000
Vantage 5	0 to 90	\$1,000 to \$350,000
Vantage 7	0 to 90	\$1,000 to \$350,000
Single Premium Annuity (SPIA)	0 to 90	\$10,000 to \$200,000

The Vantage products have a minimum guarantee of one to three percent (1-3%) interest rate (APY). The one, two and three-year products are guaranteed for the duration of the contract period. The five and seven-year products are guaranteed for the initial first year and two years, respectively. For the SPIA, the interest rate is fixed at time of purchase and guaranteed throughout the term of the annuity. The Society uses policy form *AA-10 Application for Annuity* as the official contract for establishing the annuity.

Interest rates on all annuity contracts are set by the Supreme Board of Directors on a monthly basis after review of market conditions and discussions with other consultants. However, interest rates can be changed at any time.

The Society's Supreme Secretary examines the applications for membership and determines the eligibility of the applicants in accordance with the bylaws (ethnic origin, religion, age, etc.). The Supreme Secretary and another staff member evaluate the answers to specific questions in the application and determine whether a medical examination is to be requested with the advice of a medical examiner. However, a medical examination may be required regardless of age, if deemed necessary.

The following limits represent the total amount of insurance under all Sokol insurance plans which may be issued to any individual without a medical examination from the date an individual becomes a member of the Sokol:

<u>Age Nearest Birthday</u>	<u>No Medical Exam Needed Up To</u>
0 to 40	\$100,000
41 to 55	\$50,000
56 to 65	\$15,000
66 to 80*	\$5,000

*SPL is up to 90 years of age

TERRITORY AND PLAN OF OPERATION

As of December 31, 2022, the Society was authorized to transact business in the following ten states:

New Jersey	Ohio
New York	Illinois
Connecticut	Indiana
Pennsylvania	Michigan
Massachusetts	Wisconsin

Current certificates of authority for the transactions of business in the jurisdictions in which the Sokol is licensed are on file in its home office.

The following are some of the purposes and objectives of the organization:

- Provide such legal reserve insurance benefits for its members as the organization shall determine from time to time;
- Promulgate the Catholic Faith in complete harmony with Church leaders;
- Encourage education;
- Instill patriotic zeal to the end that the members will become good citizens of the United States and Canada and loyal sons and daughters of the Slovak nation;
- Provide an athletic and gymnastic program;
- Encourage the Assemblies to aid the sick and disabled among their members, and to ease the burdens of widows and orphans of deceased members;
- Organize Assemblies, each having a ritualistic and representative form of

- government under the authority and supervision of the Supreme Assembly;
- Charter, own, purchase, sell, exchange and mortgage real estate and personality; and have such other powers as are expressly delegated by the laws of the respective States of the United States or Canada.

Traditionally, membership in the Society was initiated through recommendations made by established members of assemblies and wreaths. At present, the Sokol has a network of independent agents that accounts for the vast majority of its sales.

The Society conducts the business of a fraternal benefit society from its home office located at 205 Madison Street, Passaic, New Jersey 07055, where all administrative, accounting, underwriting and claim functions are performed.

At December 31, 2022, there were a total of 73 assemblies in the United States.

ADVERTISING

The Society maintains a website on which it advertises. Sokol's official newspaper, "The Falcon," is published monthly for the purpose of informing members of the activities of the Society. An e-newsletter as well as other resources such as brochures on member benefits and its life and annuity products can be found on its website. Advertising was reviewed and deemed to be in compliance with N.J.S.A.17:18-10.

TREATMENT OF POLICYHOLDERS

The Society is to maintain records of all written complaints of enrollees and maintain procedures for the resolution of those complaints. There were no complaints during the examination period. As such, the Sokol appears to be in compliance with N.J.S.A. 17:29B-4(10) and N.J.S.A. 17B:30-13.2.

CONTINUITY OF OPERATIONS

IT functions are administered and outsourced to a third-party provider, PinPoint Computer Systems Inc.

The Society maintains a disaster recovery and business continuity program. The plan has processes required to restore critical systems and functions in the event of a disaster to continue its business operations whether at home office or remotely.

ACCOUNTS AND RECORDS

In 2013, Slovak Catholic Sokol purchased from PinPoint Computer Systems Inc., an integrated policy, claims, financial reporting investment and fund, reserve and producer management system. These applications run on a Windows server with Microsoft Visual FoxPro Software.

General Ledger System

The Financial Reporting Module (general ledger and accounting) captures all financial data from the premium, claims, accounts payable and investment transactions. These transactions are compiled into the respective financial reports (income statement, balance

sheet, and trial balance). The reports are processed on a monthly basis for review by management.

Premium System

The Policy Management Module includes premium processing and policy issuance functions. The premium information is processed manually through Automated Clearing House (ACH). Policy issuance is recorded from applications received through the mail and on-line. All transactions, i.e., premium billings late notices, etc., flow into the Financial Reporting Module (general ledger and accounting).

All membership dues and assessments (billing statements) are sent directly to the paying members. Billing notices are mailed directly to the members for their dues in advance. The timing of payments is at the option of the members and can be monthly, semi-annually or annually. Follow up notices are sent after 30, 60 and 90 days if dues are not paid.

Loss System

The Claims Management Module processes all claims transactions and record management of the claims received and integrates with the reserve processing. All claims processed for payment flow through the general ledger when the claim checks are processed. The claim payments are verified and approved by management before issuance.

All death claims go through the office of the Supreme Secretary and are time-stamped when received. Death claims and cash surrender values are calculated by computer and then test-checked manually to actuarial tables. An original policy and death claim certificate must be submitted before death claims are paid. All check payments must be authorized by the Supreme Secretary.

Investments

Mr. Thomas Calimano, of PNC Institutional Management, is the Society's Investment Manager. As per the investment management agreement, it is a discretionary manager. PNC Bank is the custodian. PNC's role as investment manager is to purchase/sell or exchange securities and rebalance the portfolio in accordance with the agreed upon investment policy. The Board receives monthly statements reviewing the activity in the portfolio and it is discussed at regular meetings. PNC makes presentations to the Board on a regular basis.

Although PNC makes recommendations on selected investment holdings, the Society is solely responsible for the financial reporting of investments in its NAIC filings in accordance with the Statement of Statutory Accounting Principles (SAAP) and the NAIC Securities Valuation Office (SVO).

Specifically, the Sokol has no OTTI (other than temporary impairment) policy or process in place to evaluate its debt securities for other than temporary impairment and possible recognition of a loss. As such, the Sokol is not adhering to SSAP No. 26R (13) and INT 06-07. Please note, OTTI also applies to other investment categories other than bonds (i.e. mortgage loans, etc.).

Escheatment of Funds

The Society has not complied with the prior examination recommendation and will be recommended again that "In accordance with N.J.S.A. 46:30B-22, the Society is to file a

report with the New Jersey State Treasurer on funds held and owed to insureds three years past due and payable and presumed abandoned. It is recommended such a report be filed with the New Jersey State Treasurer in accordance with N.J.S.A. 46:30B-22.”

Specifically,

1. The Society has not filed a report with the New Jersey State Treasurer on funds held and owed to insureds three years past due and payable and presumed abandoned as per N.J.S.A. 46:30B-22.

Further,

2. The Society has instead used funds that otherwise are payable and presumed abandoned as per N.J.S.A. 46:30B-22 for fraternal activity purposes.
3. The Society has not recorded a liability for escheat funds payable upon its removal from the outstanding check list resulting in an increase in cash/surplus amount reported.

Additionally,

1. The Society has not complied with N.J.S.A. 46:30B-16 for any sum payable on a check, draft, or similar instrument, except those subject to R.S. 46:30B-11 and R.S. 46:30B-12, on which a financial organization is directly liable, including a cashier’s check and a certified check, which has been outstanding for more than three years after it was payable on demand, is presumed abandoned, unless the owner, within three years, has communicated in writing with the financial organization concerning it or otherwise indicated an interest as evidenced by a contemporaneous memorandum or other record on file prepared by an employee thereof.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

<u>Exhibit - A</u>	Statement of Assets, Liabilities and Unassigned Funds as of December 31, 2022
<u>Exhibit - B</u>	Summary of Operations for the Five-Year Period Ended December 31, 2022
<u>Exhibit - C</u>	Surplus Account for the Five-Year Period Ended December 31, 2022

Statement of Assets, Liabilities and Unassigned Funds as of December 31, 2022

Exhibit A

	Balance Per Examination <u>12/31/2022</u>	Balance Per Company <u>12/31/2022</u>	Examination Change	Notes
<u>Assets</u>				
Bonds	\$ 87,949,279	\$87,949,279	\$ -	1
Common stocks	8,983,322	8,983,322	-	1
Mortgage loans on real estate: first liens	564,321	564,321	-	
Real estate: Properties occupied by the company	324,225	324,225	-	
Cash	682,735	682,735	-	
Contract loans	326,282	326,282	-	
Investment income due and accrued	856,034	856,034	-	
Uncollected premiums and agents' balances in the course of collection	39,649	39,649	-	
Aggregate write-ins for other than invested assets	<u>24,560</u>	<u>24,560</u>	-	
Total admitted assets	<u>\$ 99,750,407</u> *	<u>\$99,750,407</u> *	<u>\$ -</u>	
<u>Liabilities</u>				
Aggregate reserve for life contracts	\$ 82,189,360	\$82,189,360	\$ -	2
Liability for deposit-type contracts	3,116,573	3,116,573	-	
Contract claims: Life	256,701	256,701	-	
Provision for refunds payable: no yet apportioned	50,000	50,000	-	
Premiums and annuity considerations received in advance	28,492	28,492	-	
Interest maintenance reserve	386,792	386,792	-	
Taxes, licenses and fees due or accrued	30,000	30,000	-	
Net adjustment in assets and liabilities due to foreign exchange rates	4,765	4,765	-	
Liability for benefits for employees and agents if not included above	4,987,780	4,987,780	-	
Asset valuation reserve	706,914	706,914	-	
Aggregate write-ins for liabilities	<u>1,878,438</u>	<u>1,878,438</u>	-	
Total liabilities	<u>\$ 93,635,815</u>	<u>\$93,635,815</u>	<u>\$ -</u>	
Unassigned funds	<u>6,114,591</u>	<u>6,114,591</u>	-	3
Total liabilities and unassigned funds	<u>\$ 99,750,406</u> *	<u>\$99,750,406</u> *	<u>\$ -</u>	

* \$1 dollar difference due to rounding effect

Summary of operations for the five-year period ended December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Premiums and annuity considerations	\$ 6,511,881	\$ 4,271,076	\$ 13,625,714	\$ 15,573,691	\$ 5,524,479
Consideration for supplementary contracts	\$ 168,960	\$ 185,802	\$ 81,249	\$ 62,256	
Net investment income	3,229,740	3,235,523	3,120,981	3,441,168	3,465,092
Amortization of interest maintenance reserve (IMR)	97,033	52,487	39,428	41,645	67,820
Aggregate-write ins for miscellaneous income	<u>151,936</u>	<u>46,325</u>	<u>168,138</u>	<u>(1,410)</u>	<u>13,073</u>
Total income	<u>\$ 10,159,550</u>	<u>\$ 7,791,213</u>	<u>\$ 17,035,510</u>	<u>\$ 19,117,350</u>	<u>\$ 9,070,464</u> *
Death benefits	\$ 1,108,906	\$ 1,358,544	\$ 1,661,785	\$ 1,732,084	\$ 1,940,021
Matured Endowments	\$ -	\$ (2,218)	\$ -	\$ -	\$ -
Annuity benefits	\$ 4,205,881	\$ 3,330,692	\$ 3,614,974	\$ 6,990,220	\$ 10,644,403
Surrender benefits and withdrawals	295,424	311,041	387,216	247,348	263,444
Interest and adjustments on contract funds	123,869	164,847	65,100	85,420	97,860
Payments on supplementary contracts	41,812	58,433	69,049	77,342	81,810
Increase in aggregate reserves for life contracts	2,473,982	1,202,453	9,785,502	8,917,311	(5,154,537)
Commissions on premiums and annuity considerations	438,920	398,702	475,974	472,699	265,758
General insurance expenses and fraternal expenses	1,694,392	1,740,488	1,495,836	1,597,675	1,625,608
Insurance taxes, licenses and fees	44,821	61,096	53,125	69,832	34,197
Increase in loading on deferred and uncollected premiums	300	700	-	-	-
Aggregate write-ins for deductions	(5,000)	18,591	(7,222)	4,825	131,166
Net transfers to (from) Separate Accounts	0	0	0	0	0
Miscellaneous deductions	-	-	-	-	-
Total deductions	<u>\$ 10,423,307</u>	<u>\$ 8,643,369</u>	<u>\$ 17,601,339</u>	<u>\$ 20,194,756</u>	<u>\$ 9,929,730</u>
Net gain (loss)	\$ (263,757)	\$ (852,156)	\$ (565,829)	\$ (1,077,406)	\$ (859,266) *
Refunds to members	43,114	39,955	39,498	30,004	42,626
Federal and foreign income taxes incurred	-	-	-	-	-
Net gain (loss) from operations	\$ (306,871)	\$ (892,111)	\$ (605,327)	\$ (1,107,410)	\$ (901,892) *
before net realized capital gains	\$ (306,871)	\$ (892,111)	\$ (605,327)	\$ (1,107,410)	\$ (901,892) *
Net realized capital gains (losses)	<u>932,831</u>	<u>982,519</u>	<u>148,758</u>	<u>1,079,271</u>	<u>762,898</u>
Net income	<u>\$ 625,960</u>	<u>\$ 90,408</u>	<u>\$ (456,569)</u>	<u>\$ (28,139)</u>	<u>\$ (138,994) *</u>

* \$1 dollar difference due to rounding effect

Surplus account for the five-year period ended December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital and surplus, December 31, prior year	\$ 8,273,599	\$ 7,750,225	\$ 8,017,023	\$ 7,330,926	\$ 8,127,031
Net income	\$ 625,960	\$ 90,408	\$ (456,569)	\$ (28,139)	\$ (138,993)
Change in net unrealized capital gains (losses)	(2,239,598)	1,259,132	62,601	1,514,442	(3,626,352)
Change in net unrealized foreign exchange capital gain (loss)	(1,292)	366	(46)	32	(1,108)
Change in net deferred income tax	-				
Change in non-admitted assets and related items	16,609	40,952	34,996	96	
Change in liability for reinsurance in unauthorized companies		-		-	
Change in reserve valuation basis	0	-		(200,000)	
Change in asset valuation reserve	1,037,556	(1,096,651)	(316,801)	(491,571)	1,761,691
Change in treasury stock	0	0	0	0	0
Surplus (contributed to), withdrawn from					
Separate Accounts during period	0	0	0	0	0
Other changes in surplus in Separate Accounts statement	0	0	0	0	0
Change in surplus notes	0	0	0	0	0
Cumulative effect of changes in accounting principles	0	0	0	0	0
Capital changes:					
Paid in	0	0	0	0	0
Transferred from surplus	0	0	0	0	0
Transferred to surplus	0	0	0	0	0
Surplus adjustments:					
Paid in	0	0	0	0	0
Transferred to capital (Stock Dividend)	0	0	0	0	0
Transferred from capital	0	0	0	0	0
Change in surplus as a result of reinsurance	0	0	0	-	
Dividends to stockholders	0	0	0	0	0
Aggregate write ins for gains and losses in surplus	<u>37,392</u>	<u>(27,409)</u>	<u>(10,278)</u>	<u>1,245</u>	<u>(7,679)</u>
<i>(Delete heading & list separately)</i>					
Net change in capital and surplus for the year	<u>(523,373)</u>	<u>266,798</u>	<u>(686,097)</u>	<u>796,105</u>	<u>(2,012,441)</u>
Capital and surplus, December 31, current year	<u>\$ 7,750,226</u>	<u>\$ 8,017,023</u>	<u>\$ 7,330,926</u>	<u>\$ 8,127,031</u>	<u>\$ 6,114,590</u>

NOTES TO FINANCIAL STATEMENTS

Note: 1

BONDS AND STOCKS

At December 31, 2022, the Society reported Bonds of \$87,949,279 and Common Stocks of \$8,983,322.

Note: 2

AGGREGATE RESERVE FOR LIFE CERTIFICATES AND CONTRACTS

The Society reported a liability for Aggregate Reserve for Life Contracts of \$82,189,360 as of December 31, 2022. It is the opinion of the Society's appointed actuary, Allan P. Ferrone, FSA, MAAA, of CPS Actuaries, 1011 High Ridge Road, Suite 100, Stamford, Connecticut 06905, who signs off on the actuarial opinion on behalf of the Sokol, that the reserves established by the Society are adequately stated.

The valuation record within the appointed actuary's computer system was utilized by the examiners for all reserve calculations. The reserves as of December 31, 2022 were sampled and tested on a sample basis from the appointed actuary's detail report and verified the record to the Society's membership application and certificate files.

The examination actuary concurs with the conclusions reached by the appointed actuary.

The Life and Health Actuarial Division of the NJDOBI reviewed the report on the actuarial examination of the Society and accepted the reported reserves without adjustment.

Note: 3

SURPLUS AS REGARDS POLICYHOLDERS

Unassigned Funds

The unassigned funds reported by the Society as of December 31, 2022 amounted to \$6,114,590.

SUMMARY OF EXAMINATION RECOMMENDATIONS

Pension Funds - Page 7:

It is recommended that the Sokol should fully comply with SSAP 102 – Pension and related RBC filing instructions, specifically as follows:

1. SSAP 102 (8) by segregating the plan assets into a separate trust account and effectively restricting them to provide for the pension benefits.
2. SSAP 102 (68) by making the proper Annual Statement pension and restricted assets disclosures in the various cash and investment schedules, other notes and the general interrogatory sections of the Annual Statement.
3. SSAP 102 (43 thru 48) by remeasuring or restating its segregated plan assets to the valuation stated per the quoted SSAP guidance based on its respective asset categories (FMV for most assets).
4. RBC filing instructions by ensuring the restricted plan assets are fully and properly accounted into the RBC ratio calculations.

Escheatment of Funds – Page 11:

As per prior exam, it is recommended that the Society should fully comply with both N.J.S.A. 46:30B-22 and N.J.S.A. 46:30B-16.

Specifically,

1. The Society should file a report with the New Jersey State Treasurer on funds held and owed to insureds or other parties three years past due and payable and presumed abandoned as per N.J.S.A. 46:30B-22 and N.J.S.A. 46:30B-16.
2. The Society should not use unclaimed funds for corporate or fraternal use at any time.
3. The Society should record a liability for escheat funds payable upon its removal from the outstanding check list and prior to its disbursement to the New Jersey State Treasurer or else.

Other than Temporary Impairments – Page 11:

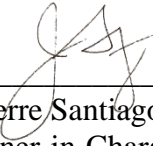
It is recommended that the Society should develop an OTTI policy and related process to evaluate its debt investment holdings for other than temporary impairment in accordance with SSAP No. 26R (13) and other applicable SSAPs and INT 06-07.

Please note, the recommendations extend to all of the Society’s investments including investments not currently managed by PNC such as mortgage loans and others as applicable.

CONCLUSION

The undersigned hereby certifies that an examination has been made of Slovak Catholic Sokol and the foregoing report is true to the best of my knowledge and belief.

Respectfully Submitted,



Jan Pierre Santiago, CFE, CPA
Examiner-in-Charge
INS Consultants, Inc.

Under the supervision of:




Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

SLOVAK CATHOLIC SOKOL


I, Jan Pierre Santiago, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2022, to the best of my information, knowledge, and belief.

Respectfully Submitted,



Jan Pierre Santiago, CFE, CPA
Examiner-in-Charge
INS Consultants, Inc.


Under the supervision of:



Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Sheila Tkacs, on
this 13th day of March, 2024.



Notary Public of New Jersey

My commission expires: July 2025