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# HIGHGROUND ADVISORS

Highground Investment Funds Administration System

System and Organization Controls for Service Organizations Report for the period of  
January 1, 2017 to December 31, 2017



Report of Independent Service Auditors issued by  
Grant Thornton LLP



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This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of management of HighGround, user entities of HighGround's during some or all of the Specified Period, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about the controls implemented by user entities themselves, when assessing the risks of a material misstatement to the user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

# I. Report of Independent Service Auditors

Board of Directors  
HighGround Advisors

## Scope

We have examined HighGround Advisors' ("HighGround") description of its investment funds administration system (the "System") for processing user entities' transactions (the "Description") throughout the period January 1, 2017 to December 31, 2017 (the "Specified Period") and the suitability of the design and operating effectiveness of controls included in the Description to achieve the related control objectives stated in the Description, based on the criteria identified in "HighGround Advisors' Management Assertion." The controls and control objectives included in the Description are those that management of HighGround believes are likely to be relevant to user entities' internal control over financial reporting, and the Description does not include those aspects of the System that are not likely to be relevant to user entities' internal control over financial reporting.

The information labeled "Management's Response" and "Preparedness Plan" in Section V of this report, "Other Information Provided by HighGround Advisors" is presented by management of HighGround to provide additional information and is not a part of HighGround's Description of its System made available to user entities during the Specified Period. Management's responses to results of testing have not been subjected to the procedures applied in the examination of the Description of the System and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the Description of the System.

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HighGround uses subservice organizations as follows:

<u>Subservicer Name</u>	<u>Service Provided</u>
BNY Mellon Asset Servicing – January 1, 2017 – July 31, 2017	Investment fund accounting and custody services
The Northern Trust Company – August 1, 2017 – December 31, 2017	
Innovest Systems, LLC	Management and maintenance of InnoTrust (trust accounting system)
ViaWest, Inc.	Data Center hosting services

Highground uses the subservice organizations listed in the table above. The Description in Section III of this report includes only the control objectives and related controls of the Company and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified by HighGround can be achieved only if complementary subservice organization controls assumed in the design of HighGround’s controls are suitably designed and operating effectively, along with the related controls at HighGround. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of HighGround’s controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

**Service organization’s responsibilities**

In Section II of this report, HighGround has provided an assertion about the fairness of the presentation of the Description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description. HighGround is responsible for preparing the Description and assertion, including the completeness, accuracy, and method of presentation of the Description and assertion; providing the services covered by the Description; specifying the control objectives and stating them in the Description; identifying the risks that threaten the achievement of the control objectives; selecting the criteria stated in the assertion; and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the Description.

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#### **Service auditor's responsibilities**

Our responsibility is to express an opinion on the fairness of the presentation of the Description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the Description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the Description throughout the Specified Period. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves the following:

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion;
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description;
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved; and
- evaluating the overall presentation of the description, the suitability of the control objectives stated in the description, and the suitability of the criteria specified by the service organization in its assertion.

#### **Inherent limitations**

The Description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the System that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of management of HighGround, user entities of HighGround's System during some or all of the Specified Period, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about the controls implemented by user entities themselves, when assessing the risks of a material misstatement to the user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

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**Description of tests of controls**

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV of this report.

**Opinion**

In our opinion, in all material respects, based on the criteria described in HighGround Advisors' assertion:

- A. The Description fairly presents the investment funds administration system that was designed and implemented throughout the period January 1, 2017 to December 31, 2017.
- B. The controls related to the control objectives stated in the Description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period January 1, 2017 to December 31, 2017 and subservice organizations and user entities applied the complementary controls assumed in the design of HighGround's controls throughout the period January 1, 2017 to December 31, 2017.
- C. The controls operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period January 1, 2017 to December 31, 2017 if complementary subservice organizations and user entity controls assumed in the design of HighGround Advisors' controls operated effectively throughout the period January 1, 2017 to December 31, 2017.

**Restricted use**

This report, including the description of test of controls and results thereof in Section IV of this report, is intended solely for the information and use of management of HighGround, user entities of HighGround's System during some or all of the Specified Period, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties.

This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of management of HighGround, user entities of HighGround's System during some or all of the Specified Period, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about the controls implemented by user entities themselves, when assessing the risks of a material misstatement to the user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

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GRANT THORNTON LLP

*Grant Thornton LLP*

Dallas, TX  
January 30, 2018



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## II. HighGround Advisors’ Assertion

We have prepared the description of HighGround Advisors’ (“HighGround”) investment funds administration system (the “System”) for processing user entities’ transactions (“user entities”) throughout the period January 1, 2017 to December 31, 2017 (“Specified Period”), for user entities of the System during some or all of the Specified Period and their auditors who audit and report on such user entities’ financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by the subservice organizations and the user entities of the System themselves when assessing the risks of material misstatements of the user entities’ financial statements.

HighGround uses subservice organizations as follows:

<u>Subservicer Name</u>	<u>Service Provided</u>
BNY Mellon Asset Servicing – January 1, 2017 – July 31, 2017	Investment fund accounting and custody services
The Northern Trust Company – August 1, 2017 – December 31, 2017	
Innovest Systems, LLC	Management and maintenance of InnoTrust (trust accounting system)
ViaWest, Inc.	Data Center hosting services

The description includes only the control objectives and related controls of HighGround and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified by HighGround can be achieved only if the complementary subservice organization controls assumed in the design of HighGround’s controls are suitably designed and operating effectively, along with the related controls at HighGround. The description does not extend to the controls of the subservice organization.

We confirm, to the best of our knowledge and belief, that:

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- A. The description fairly presents the System made available to user entities of the System during some or all of the Specified Period for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
1. Presents how the System made available to user entities of the System was designed and implemented to process relevant user entity transactions, including, if applicable:
    - a. The type of services provided including, as appropriate, the classes of transactions processed;
    - b. The procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the System;
    - c. The information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities;
    - d. How the System captures and addresses significant events and conditions, other than transactions;
    - e. The process used to prepare reports or other information for user entities of the System;
    - f. Services performed by a subservice organization, if any, including whether the inclusive method or carve-out method has been used in relation to them;
    - g. The specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls assumed in the design of the service organization's controls; and
    - h. Other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

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2. Includes relevant details of changes to HighGround's System during the Specified Period.
  3. Does not omit or distort information relevant to HighGround's System, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the System and their user auditors, and may not, therefore, include every aspect of the System that each individual user entity of the System and its auditor may consider important in its own particular environment.
- B. The controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the Specified Period to achieve those control objectives if the subservice organizations and user entities applied the complementary controls assumed in the design of HighGround's controls throughout the Specified Period. The criteria we used in making this assertion were that:
1. The risks that threaten the achievement of the control objectives stated in the description have been identified by management of HighGround;
  2. The controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
  3. The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

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## III. Highground Advisors' Description of its System and Controls

### A. Scope and Purpose of the Report

This report describes the control structure of HighGround Advisors ("HighGround") as it relates to its investment funds administration system for the period of January 1, 2017 to December 31, 2017 (the "Specified Period"). This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of management of HighGround, user entities of HighGround's System during some or all of the Specified Period, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting (ICFR) and have a sufficient understanding to consider it, along with other information, including information about the controls implemented by user entities themselves, when assessing the risks of a material misstatement to the user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

In April 2010, the Auditing Standards Board issued Statements on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization. Recently, the AICPA's Auditing Standards Board (ASB) issued SSAE No. 18, Attestation Standards: Clarification and Recodification. The attestation standards are developed and issued in the form of SSAEs and are codified into sections. The identifier "AT-C" is used to differentiate the sections of the clarified attestation standards ("AT-C") sections from the sections of the attestation standards which are superseded by SSAE No. 18. This report is issued under AT-C sections 105, 205, and 320. These reports are now commonly referred to as SOC 1® reports.

User entities and their auditors are responsible for determining if the services provided to them by HighGround are in the scope of this report.

### B. General Description of Operations

Baptist Foundation of Texas, doing business as HighGround Advisors, is a full-service asset management organization, and is incorporated as a Texas non-profit corporation exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code. HighGround administers assets on behalf of institutions under three types of agreements as follows:

- Split-interest agreements (charitable trusts, gift annuities)
- Endowment agreements

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- Fund management agreements

***HighGround Trust Company***

HighGround Trust Company (the “Trust Company”) is a wholly-owned subsidiary of HighGround Mortgage Loan and Real Estate Fund. The Trust Company is a for-profit Texas trust company regulated by the Texas Department of Banking. The Trust Company administers substantially all split-interest agreements as agent for HighGround. The Trust Company and HighGround utilize a joint operations department for processing transactions (“operations”).

***HighGround utilizes the following third-party service organizations in performing their services:***

***BNY Mellon Asset Servicing and The Northern Trust Company***

HighGround manages assets primarily through the use of proprietary investment funds. HighGround engages an investment custodian to perform custodial and accounting services for these investment funds. The investment custodian is responsible for all aspects of safekeeping, accounting, and reporting of HighGround’s investment funds. BNY Mellon served as investment custodian January 1, 2017 through July 31, 2017. Custodial and accounting services for the investment funds was transitioned to The Northern Trust Company effective August 1, 2017.

The controls of the investment custodian and related control objectives are not included in this description of controls and control objectives of HighGround. The investment custodian obtains a Service Organization Control report on controls placed in operation and tests of operating effectiveness (SOC 1 Type II report) covering the controls in place for its custodial and accounting services. HighGround reviews this report semiannually for exceptions or changes in the description of controls and has developed and implemented those controls outlined by the investment custodian as complementary user entity controls.

***Innovest Systems, LLC***

InnoTrust, the trust accounting system, is managed by Innovest Systems, LLC, a provider of application and system services to third parties via a Software as a Service (“SaaS”) model. The application and data are accessed through the Internet. Access controls, application software development and change controls, segregation of duties controls, and backup and disaster recovery planning are contained within a SOC 2 Type II report distributed by Innovest Systems. HighGround reviews this report annually for exceptions or changes in the description of controls and has developed and implemented those controls outlined by Innovest Systems as complementary user entity controls.

Innovest Systems has outsourced the management of its production servers to CenturyLink Technology Services. The environmental, physical, and logical access controls of the data center where the servers reside are contained within SOC 1 Type II and SOC 2 Type II reports distributed by CenturyLink Technology Services. HighGround reviews these reports annually for exceptions or changes in the description of controls.

***Organizational Structure***

HighGround utilizes five departments in the administration of assets:

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- Operations personnel process all transactions in the trust accounting system for split-interest, endowment, and fund management agreement accounts.
- Account Administration personnel serve as account administrators for split-interest, endowment, and fund management agreement accounts as well as other institutionally-controlled accounts. Account administrators record the initial set-up of the accounts and monitor the accounts.
- Trust counsel works with institutions and donors to assist with planned giving.
- Investments personnel recommend and monitor investment managers and allocation of investment funds. Investments personnel also supervise investment and allocation of individual accounts which invest substantially in the investment funds.
- Accounting personnel coordinate and monitor the accounting records between the investment custodian and HighGround, and are responsible for all financial reporting.

### **C. Description of Control Environment Elements**

Generally, an organization's control environment represents the collective effect of various factors on establishing, enhancing, or mitigating the effectiveness of specific controls. Such factors include the following:

- Management's philosophy and operating style
- Organizational structure
- Board of Directors (the "Board") and Accounting and Audit Committee participation
- Assignment of authority and responsibility
- Commitment to competence
- Human resource policies and practices
- Integrity and ethical values

The control environment reflects the overall attitude, awareness, and actions of the Board and management concerning all other components of internal controls and their emphasis within the organization.

#### ***Control Environment***

HighGround recognizes the importance of operational and financial controls and the monitoring of these activities. To ensure that operational and financial controls are in place, the Board and its committees meet quarterly to review financial and operational matters that affect the performance of the organization. The Board is comprised of twelve members who are independent from HighGround. Seven board members are elected to three-year terms at the annual meeting of The Baptist General Convention of Texas. The remaining five members are elected to three-year terms by the Board of HighGround.

Investment activities are conducted in accordance with established policy and procedural guidelines. The Board approves updates to these guidelines recommended by investments personnel.

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The responsibilities for providing account administration services are allocated among personnel to segregate the following functions: transaction input, transaction processing, quality review of transactions, reconciliation activities, client statements, tax reporting, and client communications.

HighGround has developed formal policies and procedures covering various financial and operational matters and critical aspects of employment services (i.e. Employee Guidelines and Policies), including hiring, performance standards, performance appraisal, and termination. The human resources department maintains explicit job descriptions for all positions in an effort to clearly define job requirements and properly manage employee workload.

HighGround's formal hiring practices are designed to ensure that new employees are qualified for their job responsibilities. Senior management and the manager of the department requiring the position must approve new employees. Hiring policies include requiring minimum education and experience; completion of background, criminal and credit checks; and execution of business conduct statements.

HighGround develops personnel through supervised on-the-job training, seminars, in-house courses, and external educational programs. Department managers ensure personnel receive the proper training and development to continue to qualify for their functional responsibilities. Management conducts performance reviews using objective performance criteria. Management places those employees rated below expectations on a performance improvement plan and performs frequent reevaluations. After a specified period, management terminates the employee if the employee does not demonstrate improvement.

***Risk Assessment***

HighGround has a risk assessment process to identify and manage risks that could affect its ability to provide reliable and accurate service to its clients. This process requires HighGround personnel to identify risks based on:

- Management's knowledge of its operations
- Management's knowledge of the charitable community
- Management's knowledge of user organizations
- Management's knowledge of investment markets
- External and internal auditors' input
- Consultants, custodian bank, investment managers, and outside legal counsel input

For any significant risks identified, management is responsible for implementing appropriate measures to monitor and manage these risks.

HighGround maintains insurance policies against major risks covering errors and omissions, computer crimes, business interruption, and cybersecurity. Coverage is provided by insurance companies which are considered by management of HighGround to be financially sound.

***Board Oversight***

The Board oversees the administration of the investment funds. The Board has established Investment, Trust and Legal, and Accounting and Audit Committees to oversee HighGround's fiduciary activities. Each committee is charged with establishing overall policy and monitoring the fiduciary activities under its oversight.

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***Internal Monitoring***

HighGround's Board and Accounting and Audit Committee have created an internal audit function to monitor adherence to policies. A program has been designed to periodically evaluate account administration, investment, and support operations for compliance with donor or institutional intent, HighGround's controls, and applicable regulatory requirements.

Investment activities are subject to internal and external reviews of the investment funds, which are reported to management and the Accounting and Audit Committee. These reviews are designed to:

- Evaluate compliance with established investment policies and guidelines
- Address the soundness and adequacy of investment, accounting, operating, and administrative controls
- Determine compliance with donor and institution intent

The investment department performs regular reviews of investment managers and provides quarterly performance reports to the Board, Investment Committee, and clients.

***Information and Communication***

HighGround's local area network utilizes the Windows Server 2008 and 2012 Operating Systems. Support and maintenance of the network is provided by a third-party network consulting firm, which acts under the direction of HighGround personnel.

Physical access to the network is controlled at various points, including central control of visitor access to the office and on-site IDF room, restricted access and building security. Network servers, firewall and backup equipment are maintained at a secure off-site data center under a colocation model. The environmental and physical access controls of the off-site data center are contained within SOC 1 Type II and SOC 2 Type II reports distributed by ViaWest, Inc. HighGround reviews these reports annually for exceptions or changes in the description of controls and has developed and implemented those controls outlined by the off-site data center as complementary user entity controls.

Logical access to the network is controlled through the use of user accounts and passwords administered by HighGround. Network password protocols require a minimum number of characters and composition of a minimum number of character types. Network passwords expire periodically. An account lock-out policy denies access to the system after a certain number of unauthorized entry attempts, and requires the user to obtain access from an information systems coordinator. User accounts restrict user access to electronic resources (e.g. data, system files, and utilities).

InnoTrust, the trust accounting system, is managed by Innovest Systems, LLC, a provider of application and system services to third parties via a "Software as a Service" Model. The application and data are accessed through the Internet. Access controls, application software development and change controls, segregation of duties controls, and backup and disaster recovery planning are contained within a SOC 2 Type II report distributed by Innovest Systems. HighGround reviews this report annually for exceptions or changes in the description of controls and has developed and implemented those controls outlined by Innovest Systems as complementary user entity controls.

Innovest Systems has outsourced the management of its production servers to CenturyLink Technology Services. The environmental, physical, and logical access controls of the data center where the servers reside are contained within SOC 1 Type II and SOC 2 Type II reports distributed by

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CenturyLink Technology Services. HighGround reviews these reports annually for exceptions or changes in the description of controls.

Access to the trust accounting system is also controlled through the use of user accounts and passwords administered by HighGround. Password protocols require a minimum number of characters and composition of a minimum number of character types. Passwords expire periodically. An account lock-out policy denies access to the system after a certain number of unauthorized entry attempts, and requires the user to obtain access from an information systems coordinator. The level of access, determined by job function requirements, is granted with management approval, and is periodically reviewed by management.

Remote access to the network is controlled by the information systems coordinators. A limited number of authorized personnel have remote access to the network data and applications through the use of a Virtual Private Network (VPN). Remote access attempts are reviewed by the information systems coordinator on a regular basis.

Incremental image archives of the network are performed every four hours. The images are immediately replicated to an on-site secured area in HighGround's offices. The incremental archives are collapsed to create daily, weekly, and monthly files.

The weekly files are maintained for 90 days and monthly files for one year.

The backup specifications for the trust accounting data are administered by Innovest Systems, and contained in their SOC 2 Type II report referenced above.

#### **D. Description of Transaction Processing**

These descriptions are intended to focus on aspects that may be relevant to internal control of clients of HighGround. It neither encompasses all aspects of the services provided to clients of HighGround nor all procedures followed for clients.

##### **1. Opening Accounts and Changes to Existing Account Data**

HighGround's trust counsel reviews new agreements and other relevant information regarding new accounts. A letter is sent by an officer to the donor or institution acknowledging the new account. Codes are assigned to denote one of the following categories:

- Gifts made to HighGround for the benefit of an institution where HighGround maintains fiduciary obligation and control of the fund
- Gifts made to an institution and administered by HighGround

An account administrator opens a new account with either a donor or an institution request or a legal agreement, and enters the required information into account models within the trust accounting system to ensure consistent input of data. Operations personnel maintain a sequential log of accounts to ensure account numbers are not duplicated.

New accounts are reviewed under companion review. A second account administrator and/or supervisor compares the donor or institution request or legal agreement to the trust accounting system ensuring all fields are completed correctly.

Account administrators make changes to existing account data after receiving a written request from an authorized person.

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The internal auditor performs audits of new and existing accounts annually based on statistical sampling. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

## **2. Receipts**

HighGround receives funds by wire, by Automated Clearing House (“ACH”), and by check.

### **Receipts by Wire and ACH**

Donors and institutions send funds to a fiduciary bank account by wire and ACH, generally notifying HighGround by e-mail indicating the total amount, new accounts, and allocations to accounts.

The securities and banking operations specialist uses secure access to proprietary bank software to obtain daily bank activity statements. From these statements and the donor’s or institution’s instructions, the securities and banking operations specialist inputs receipts into the trust accounting system, and records wire and ACH transfers received on the balancing report. At the end of the day, wire and ACH transfers on the balancing report are compared to the wire and ACH transfers recorded in the trust accounting system and to the daily bank activity statements. Account administrators investigate any reconciling items.

The securities and banking operations specialist produces the balancing report, which reconciles actual receipts and remittances to entries made in the trust accounting system. The balancing report is forwarded to an operations supervisor for review.

HighGround wires funds received to the investment custodian. The funds are held as short-term investments until the next trade date.

A daily additions report is reviewed by account administrators and accounting personnel to ensure each receipt is appropriately recorded. A staff accountant produces monthly reconciliations of the fiduciary bank accounts. The controller reviews all reconciliations for accuracy and reasonableness.

The internal auditor reviews receipts by wire and ACH as part of the annual audits of new and existing accounts. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

### **Receipts by Check**

Funds received by check from a donor or institution are accompanied by documents which indicate the total amount, new accounts, and allocations to accounts. A records assistant accumulates the checks and prepares the checks for scanning and remote check deposit. The securities and banking operations specialist receives copies of the checks and associated documents to input receipts into the trust accounting system.

The original checks, deposit summary report, and any supporting documentation are independently reviewed for accuracy. The documents are returned to the securities and banking operations specialist to agree the total of checks for scanning and remote check deposit to the reviewed deposit summary report.

A records assistant deposits checks into the fiduciary bank using a scanner and remote check deposit software. The records assistant calculates a total amount of the checks and enters the total into the software as a balance control. Checks are individually scanned and amounts are verified and corrected, if necessary. The software will not allow the process to continue if the total entered does not agree to

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the total of the checks scanned. When the totals agree, the records assistant transmits the file of scanned checks to the bank for deposit.

The securities and banking operations specialist produces the balancing report, which reconciles actual receipts and remittances to entries made in the trust accounting system. The balancing report is forwarded to an operations supervisor for review.

A daily additions report is reviewed by account administrators and accounting personnel to ensure each receipt is appropriately recorded. A staff accountant produces monthly reconciliations of the fiduciary bank accounts. The controller reviews all reconciliations for accuracy and reasonableness.

The internal auditor reviews receipts by check as part of the annual audits of new and existing accounts. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

### **3. Trade Execution**

Security trades within the investment funds are initiated by external investment managers. After the trades have been initiated, execution and settlement processing are performed by the investment custodian.

On the 15th and last day of the month, investments personnel initiate a process in the trust accounting system to automatically generate the required purchases and liquidations of investment fund units to maintain the required investment allocation in each account. The unit trades are generated based on the following factors:

- HighGround determines the asset allocation of split-interest agreements and endowments based on factors including the type of account, required distribution, age of the donor, and taxability. The investment officer or account administrator uses this information to assign a model to the account within the trust accounting system. Each model has pre-set investment criteria.
- The investment officer or account administrator assigns an investment model to an institutionally-controlled account in accordance with supporting documentation received from authorized client personnel.
- The trust accounting system calculates the trades necessary to meet the requirements of the individual accounts. Investments personnel review these trades and cancel, modify, or process the trades.
- The net asset values are transferred from the investment custodian to the trust accounting system for all investment funds on a daily basis using secure file transfer protocol. The trust accounting system generates a report which indicates amounts an account needs to purchase or liquidate and the allocation in each investment fund. Investments personnel review this report.

Rebalancing of an account's investments in the holdings is performed on the same dates referenced above by the trust accounting system based on the assigned investment model. Any other purchases or liquidations are entered manually. On the subsequent business day, trades are processed by operations personnel, and the funds are transferred between appropriate accounts at the investment custodian for net purchases and liquidations in the investment funds.

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The internal auditor reviews executed trades as part of the annual audits of new and existing accounts and investment funds processes and controls. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

#### **4. Market Valuation**

Individual securities held in the investment funds are valued by the investment custodian to calculate a daily net asset value for each investment fund. These net asset values are transferred to the trust accounting system from the investment custodian on a daily basis using secure file transfer protocol. The market values within the accounts are automatically updated based on the net asset value and number of units held by each account.

The investment fund accountant uses indexed benchmarks to review the net asset values on a daily basis. In addition, the investment custodian provides its SOC 1 Type II report (BNY Mellon quarterly; Northern Trust semi-annually), which includes tests of its controls over market valuation.

The internal auditor annually confirms the market valuation of securities held in the investment funds using an independent third-party reviewer. Market valuation is also reviewed as part of the annual audits of new and existing accounts and investment funds processes and controls. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

#### **5. Income Accrual and Collections**

The investment custodian is responsible for processing income earned, collecting dividends and interest due on the receivable date, investigating underpayments and overpayments, and processing claims for income.

Income earned on the investment funds is reported to HighGround by the investment custodian, and is recorded by including the income in the unit net asset value. The investment custodian ensures income earned is correctly recorded in the investment funds, calculates the per-unit income and gain factors, and communicates them to HighGround. The investment fund accountant reviewed BNY Mellon's calculation and agreed the income, number of shares, and other items used to calculate the factors to internal and external sources. Since the transition to Northern Trust, the investment fund accountant agrees the number of shares to the most recent HighGround trade reconciliations, reviews the formulas in the spreadsheets, and reviews each factor for reasonableness compared to prior periods. At month end, operations personnel enter the effective date and the reviewed per-unit income and gain factors derived from the income and gain allocation spreadsheet provided by the investment custodian into the trust accounting system. The income is removed from the net asset value, and is automatically distributed to the accounts based on the per-unit income and gain factors and number of units held.

The internal auditor performs an audit of income accrual and collections as part of the annual audits of new and existing accounts and investment funds processes and controls. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

#### **6. Remittances**

Remittances are paid by check, wire, or ACH.

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For non-recurring remittances, an authorized person for the account provides a request authorizing payment of funds out of the account. For recurring remittances, account administrators review a list of pending remittances in the trust accounting system and modify the list if necessary. Operations personnel process payments to the appropriate party. Accounting personnel review all remittances and supporting documents.

The securities and banking operations specialist produces the balancing report, which reconciles actual receipts and remittances to entries made in the trust accounting system. The balancing report is forwarded to an operations supervisor for review.

A staff accountant produces monthly reconciliations of the fiduciary bank accounts. The controller reviews all reconciliations for accuracy and reasonableness.

The internal auditor selects certain new and existing accounts and verifies that parameters set for recurring remittances are consistent with legal agreements, donor or institution instructions, or standard practice, and reviews supporting documents for non-recurring remittances. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

#### **7. Client Statements**

Duties are functionally segregated among HighGround personnel for the input of account transactions and the processing and delivery of account statements. GHperf, a software product of Greenhill, parses and compiles transmitted trust accounting data to produce Microsoft Excel statements which are reviewed for exceptions by cross-footing the statements. Account administrators also review each institution's Microsoft Excel statement at least once every quarter for accuracy.

Most statements to client institutions are posted to a secure website. To retrieve the statement from the website, authorized client personnel must enter an appropriate user name and password.

During annual testing of new and existing accounts, the internal auditor verifies that account balances are accurately reported in the Microsoft Excel statements. The statements are footed and cross-footed for accuracy. The internal auditor produces formal reports of findings and submits these reports to management and the Accounting and Audit Committee.

#### **8. Closing Accounts**

Account closings are supported by legal agreements, client instructions, or appropriate internal instructions. The trust accounting system prohibits the posting of transactions to closed accounts.

#### **9. Asset Custody and Control**

The investment custodian is responsible for custody and control of all securities held in the investment funds.

The investment fund accountant reconciles the investment fund units on the trust accounting system to the investment fund units held at the investment custodian on a semimonthly basis and investigates any differences. The controller reviews all reconciliations for accuracy and reasonableness.

### **E. Additional Information about Management's Description**

HighGround's control objectives and related control activities are included within Section IV of this report, Description of HighGround Advisors' Control Objectives and Related Controls, and the Independent Service Auditor's Description of Tests and Results. Although the control objectives and

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related control activities are presented within Section IV, they are, nevertheless, an integral part of HighGround’s description of its system as described within this section.

**F. Subservice Organizations**

HighGround utilizes subservice organizations to perform certain functions to improve operating and administrative effectiveness. The accompanying description includes only the policies, procedures, and control activities at HighGround and does not include the policies, procedures, and control activities at the third-party service organizations described below. The examination by the Independent Service Auditor did not extend to the policies and procedures at these subservice organizations. The most significant subservicing organizations used by HighGround are noted below.

<b>Subservice Organization</b>	<b>Services Provided</b>	<b>Associated Control Objective</b>
<p>BNY Mellon Asset Servicing – January 1, 2017 – July 31, 2017</p> <p>The Northern Trust Company – August 1, 2017 – December 31, 2017</p>	<p>Investment fund accounting and custody services. The following control groupings are critical to achieving the applicable control objectives:</p> <ul style="list-style-type: none"> <li>• IT General Computer Controls around the application(s) and report(s) provided to HighGround.</li> <li>• Automated and manual reconciliation controls utilized to confirm the completeness and accuracy of the reports provided to HighGround.</li> </ul> <p>In addition, HighGround has identified the following controls to help monitor the subservice organization:</p> <ul style="list-style-type: none"> <li>• Review SOC 1 Type II reports, and implement complementary user entity controls, as applicable</li> <li>• Regular discussion with subservice organization personnel</li> <li>• Review of daily net asset values, monthly income and gain distribution factors, reconciliations with trust accounting system and general ledger</li> <li>• Annual testing of marketable securities pricing</li> </ul>	<p>Control Objective 4*</p> <p>Control Objective 6*</p>

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Subservice Organization	Services Provided	Associated Control Objective
Innovest Systems, LLC	<p>Management and maintenance of Innotrust (trust accounting system). The following control groupings are critical to achieving the applicable control objectives:</p> <ul style="list-style-type: none"> <li>• IT General Controls, including backups, around the applications provided to Highground.</li> </ul> <p>In addition, HighGround has identified the following controls to help monitor the subservice organization:</p> <ul style="list-style-type: none"> <li>• Review SOC 2 Type II reports, and implement complementary user entity controls, as applicable</li> <li>• Regular discussion with subservice organization personnel</li> <li>• Daily cash balancing reconciliations with bank accounts</li> <li>• Periodic restoration of escrowed source code</li> </ul>	All control objectives.
ViaWest, Inc.	<p>Data center hosting services. The following control groupings are critical to achieving the applicable control objectives:</p> <ul style="list-style-type: none"> <li>• Physical access controls to the data center.</li> </ul> <p>In addition, HighGround has identified the following controls to help monitor the subservice organization:</p> <ul style="list-style-type: none"> <li>• Review SOC 1 Type II and SOC 2 Type II reports, and implement complementary user entity controls, as applicable</li> </ul>	All control objectives

\* The achievement of design and operating effectiveness for Type II Reports for this particular control objective assumes that complementary controls at this subservice organization are in place and are operating effectively to support and achieve this control objective.

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**G. User Control Considerations**

The processes of HighGround were designed with the assumption that certain controls would be implemented by user organizations. In certain situations, the application of specific controls at user organizations is necessary to achieve the control objectives included in this report.

This section highlights the internal control responsibilities that HighGround believes should be present for each user organization and has considered in developing its control policies and procedures described in this report. In order for users to rely on the system of controls reported on herein, each user must evaluate its own internal control structure to determine if the following procedures are in place. Furthermore, the following list of suggested control activities is intended to address only those policies and procedures surrounding the interface and communication between HighGround and each user organization. Accordingly, this list does not allege to be, and is not, a complete listing of all the control activities which provide a basis for the assertions underlying the financial statements and control environments for HighGround’s user organizations.

<b>User Control Considerations</b>	<b>Associated Control Objective</b>
Instructions and information provided to HighGround from institutions are in accordance with the provisions required by HighGround	Control Objective 1* Control Objective 2* Control Objective 3* Control Objective 4* Control Objective 5* Control Objective 6* Control Objective 7* Control Objective 8*
Changes to the account objectives are communicated to HighGround in writing on a timely basis	Control Objective 3* Control Objective 5* Control Objective 6* Control Objective 7* Control Objective 8*
Changes in the individuals authorized to execute transactions on behalf of institutions are communicated to HighGround in writing on a timely basis	Control Objective 1* Control Objective 2* Control Objective 3* Control Objective 4* Control Objective 5* Control Objective 6* Control Objective 7* Control Objective 8*

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<b>User Control Considerations</b>	<b>Associated Control Objective</b>
Client institutions are responsible for monitoring and reviewing information included on Microsoft Excel produced statements and other reports provided by HighGround. If a discrepancy is identified, it should be reported to HighGround within ninety days	Control Objective 7

\* This is a complementary control and is required to achieve design and operating effectiveness for this particular control objective.

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## IV. Description of HighGround Advisors’ Control Objectives and Related Controls, and the Independent Service Auditor’s Description of Tests and Results

### A. Types and Descriptions of the Tests of Operating Effectiveness

This report, when combined with an understanding of the controls at user organizations and subservice organizations, is intended to assist auditors in planning the audit of user entities’ financial statements or user entities’ internal control over financial reporting and in assessing control risk for assertions in user entities’ financial statements that may be affected by controls at HighGround. Our examination was limited to the control objectives and related controls specified by HighGround in Sections III and IV of the report and did not extend to the controls in effect at user organizations and subservice organizations. It is the responsibility of each user entity and its auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess the total internal control environment. If the internal controls are not effective at a user entity, HighGround’s controls may not compensate for such weaknesses.

HighGround’s system of internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by HighGround. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by HighGround, we considered aspects of HighGround’s control environment, risk assessment process, monitoring activities, and information and communications. The following table clarifies certain terms used within this section to describe the nature of the tests performed:

Type	Description
<b>Inquiry</b>	Inquired of appropriate personnel and corroborated with management
<b>Observation</b>	Observed the application or existence of the specific control as represented
<b>Inspection</b>	Inspected documents and records indicating performance of the control
<b>Re-performance</b>	Re-performed the control, or processing of the application control, for accuracy of its operation

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**B. Control Objectives, Control Activities, and Tests Performed**

<b>Control Objective 1</b>			
Controls provide reasonable assurance that new accounts are properly authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
1-1	Creation of a new account is supported by a legal agreement, client instructions, or appropriate internal instructions.	<b>Inspection:</b> Inspected documentation for a judgmental sample of accounts created during the reporting period to obtain evidence that the account information within the trust accounting system matched the information contained in the legal agreement, client instructions, or appropriate internal instructions.	No exceptions noted.
1-2	Models for new account creation are pre-set within the trust accounting system.	<b>Inquiry:</b> Inquired of management regarding models for new account creation and whether they had been pre-set within the trust accounting system during the reporting period.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that the trust accounting system settings restricted the ability of HighGround personnel to modify the pre-set models.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that pre-set models were populated when an account administrator created a new account.	No exceptions noted.

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<b>Control Objective 1</b>			
Controls provide reasonable assurance that new accounts are properly authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		<b>Inspection:</b> Inspected the system generated error messages that were displayed when incomplete new account data was entered into the pre-set data entry model to obtain evidence that the pre-set data entry models controlled the data input.	No exceptions noted.
1-3	The trust accounting system prohibits the creation of accounts unless required fields are completed during new account set-up.	<b>Inquiry:</b> Inquired of the account administrator regarding the trust accounting system and whether, during the reporting period, the trust accounting system had prohibited the creation of accounts unless required fields were completed during new account set-up.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that an account administrator was unable to create an account without the completion of the required new account set-up fields.	No exceptions noted.
		<b>Inspection:</b> Inspected the system generated error messages that were displayed when incomplete new account data was entered into the pre-set data entry model to obtain evidence that the pre-set data entry models controlled the data input.	No exceptions noted.

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<b>Control Objective 1</b>			
Controls provide reasonable assurance that new accounts are properly authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
1-4	New account information input into the trust accounting system by an account administrator is reviewed by a second account administrator and/or a supervisor (companion review).	<b>Inspection:</b> Inspected documentation for a judgmental sample of accounts created during the reporting period to obtain evidence that a second account administrator and/or supervisor reviewed the new account information input into the trust accounting system.	No exceptions noted.

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<b>Control Objective 2</b>			
Controls provide reasonable assurance that receipts are recorded accurately in the trust accounting system.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
2-1	Duties are segregated for the receipt of funds by check and the input of receipts into the trust accounting system.	<b>Inquiry:</b> Inquired of management regarding the receipt of funds by check and the input of receipts into the trust accounting system and whether those duties had been segregated during the reporting period.	No exceptions noted.
		<b>Inspection:</b> Inspected HighGround's Daily Bank Deposit guidelines to obtain evidence that management documented check receipt guidelines to help ensure the segregation of duties for the receipt and input of funds by check into the trust accounting system.	No exceptions noted.
		<b>Inspection:</b> Inspected user access permissions within the trust accounting system to obtain evidence that individuals with access to input receipts did not receive funds by check.	No exceptions noted.
2-2	The deposit summary report, checks, and any supporting documents are independently reviewed by management for accuracy.	<b>Inspection:</b> Inspected the deposit summary report for a judgmental sample of days that occurred during the reporting period to obtain evidence that the deposit summary report was reviewed by independent personnel.	No exceptions noted.

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<b>Control Objective 2</b>			
Controls provide reasonable assurance that receipts are recorded accurately in the trust accounting system.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
2-3	The daily additions report is reviewed by account administrators and other accounting personnel to help ensure each receipt is appropriate for the account.	<b>Inspection:</b> Inspected the daily additions report for a judgmental sample of days that occurred during the reporting period to obtain evidence that each report was reviewed by account administrators.	No exceptions noted.
		<b>Inspection:</b> Inspected the documentation for a judgmental sample of funds received by check for a judgmental sample of days that occurred during the reporting period, to obtain evidence that the funds were recorded to the proper account consistent with the client instructions.	No exceptions noted.
2-4	The securities and banking operations specialist obtains a daily bank activity statement. The specialist matches wires, ACH and checks received to instructions from the donor or institution, and enters the receipts into the trust accounting system.	<b>Inspection:</b> Inspected the documentation for a judgmental sample of wire, check, and ACH receipts derived from the daily bank activity statements generated during the reporting period to obtain evidence that each wire received matched the donor or institution's instructions and was entered into the system accurately.	No exceptions noted.
2-5	The securities and banking operations specialist produces the daily balancing report, which reconciles receipts and remittances to entries made in the trust	<b>Inspection:</b> Inspected the daily balancing reports for a judgmental sample of days that occurred during the reporting period to obtain evidence that an operations supervisor reviewed the balancing report.	No exceptions noted.

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<b>Control Objective 2</b>			
Controls provide reasonable assurance that receipts are recorded accurately in the trust accounting system.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
	accounting system. The daily balancing report is forwarded to an operations supervisor for review.	<b>Reperformance:</b> Reperformed the review for a judgmental sample of the daily balancing reports inspected to obtain evidence that the receipts and remittances were reconciled accurately to the entries made in the trust accounting system.	No exceptions noted.

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<b>Control Objective 3</b>			
Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately and authorized.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
3-1	Investment models in the trust accounting system reflect investment fund allocations designated by legal agreements, standard practice, or specific donor or institution instructions.	<b>Inspection:</b> Inspected investment models for a judgmental sample of accounts created during the reporting period to obtain evidence that the assigned models accurately reflected investment fund allocations designated by legal agreements, standard practice, or specific donor or institution instructions.	No exceptions noted.
3-2	Manual investment fund transactions are approved by donors, authorized institution staff, or appropriate HighGround personnel.	<b>Inspection:</b> Inspected documentation for a judgmental sample of manual investment fund transactions that occurred during the reporting period to obtain evidence that each was approved through e-mail, fax, or letters originating from donors, authorized institution staff, or appropriate HighGround personnel.	No exceptions noted.
3-3	The investment officer or investment analyst reviews exception reports generated in the trust accounting system to test the automated trades generated by the trust accounting system for endowment and institutional accounts. The investment officer or	<b>Inspection:</b> Inspected exception or trade reports for a judgmental sample of days that occurred during the reporting period to obtain evidence that the investment officer or the investment analyst reviewed the reports to verify the automated trades generated by the trust accounting system for endowment and institutional accounts.	No exceptions noted.

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<b>Control Objective 3</b>			
Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately and authorized.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
	investment analyst enters the manual trades provided by the account administrators which are reviewed by the senior investment officer. The investment officer or investment analyst review the trust accounting system's automated trades for split interest agreement accounts, and enter any manual trades provided by the account administrators, which are reviewed by the senior investment officer.	<b>Inspection:</b> Inspected documentation for a judgmental sample of automated trades that occurred during the reporting period to obtain evidence that the automated trade data was consistent with the investment model.	No exceptions noted.
		<b>Inspection:</b> Inspected the Investment Fund Purchases and Liquidations spreadsheet for a judgmental sample of days that occurred during the reporting period to obtain evidence that a senior investment officer reviewed manual trades entered by the investment officer or the investment analyst and any automated trades for split interest agreement accounts.	No exceptions noted.
		<b>Inspection:</b> Inspected user access permissions within the trust accounting system to obtain evidence that account administrators did not have access to enter manual trades.	No exceptions noted.

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<b>Control Objective 3</b>			
Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately and authorized.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
3-4	The investment fund accountant uses market indices as benchmarks to review the daily investment fund unit net asset values provided by the investment custodian.	<b>Inspection:</b> Inspected the benchmark spreadsheets for a judgmental sample of days that occurred during the reporting period to obtain evidence that the investment fund accountant compared changes in market indices to changes in the daily investment fund unit net asset values provided by the investment custodian.	Exception noted. The Service Auditor noted that for one out of 25 sampled days, the review was not performed. Service auditor sampled an additional 15 days and noted no further exceptions.
		<b>Reperformance:</b> Reperformed the reviews for a judgmental sample of the benchmark spreadsheets inspected to obtain evidence that the review was performed accurately.	No exceptions noted.
3-5	After trades and daily investment fund unit net asset values are reviewed, trades are processed by operations personnel and automatically posted to accounts in the trust accounting system.	<b>Inquiry:</b> Inquired of management that trades are processed by operations personnel and the trust accounting system automatically posted to accounts throughout the reporting period.	No exceptions noted.

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<b>Control Objective 3</b>			
Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately and authorized.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		<b>Observation:</b> Observed the system post trades to accounts and confirmed that trades were processed by operations personnel and automatically posted to accounts in the trust accounting system.	No exceptions noted.
		<b>Inspection:</b> Inspected the Investment Fund Purchases and Liquidations spreadsheet for a judgmental sample of days that occurred during the reporting period to obtain evidence that a senior investment officer reviewed manual trades entered by the investment officer or the investment analyst and any automated trades for split interest agreement accounts.	No exceptions noted.

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<b>Control Objective 4</b>			
Controls provide reasonable assurance that the market value of investment funds are properly calculated using prices obtained from the investment custodian.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
4-1	The investment fund accountant uses market indices as benchmarks to review the daily investment fund unit net asset values provided by the investment custodian.	<b>Inspection:</b> Inspected the benchmark spreadsheets for a judgmental sample of days that occurred during the reporting period to obtain evidence that the investment fund accountant compared changes in market indices to changes in the daily investment fund unit net asset values provided by the investment custodian.	Exception noted. The Service Auditor noted that for one out of 25 sampled days, the review was not performed. Service auditor sampled an additional 15 days and noted no further exceptions.
		<b>Reperformance:</b> Reperformed the reviews for a judgmental sample of the benchmark spreadsheets inspected to obtain evidence that the review was performed accurately.	No exceptions noted.
4-2	The trust accounting system automatically values the investments held in investment funds by each account based on the net asset valuation and the number of units of the specific investment fund held.	<b>Inspection:</b> Inspected the system-generated investment values associated with a judgmental sample of accounts to obtain evidence that the net asset value provided by the investment custodian agreed to the net asset value within the trust accounting system and that the trust accounting system calculated the total market value accurately.	No exceptions noted.

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**Control Objective 4**

Controls provide reasonable assurance that the market value of investment funds are properly calculated using prices obtained from the investment custodian.

<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		<p><b>Reperformance:</b> Reperformed the total market value calculation for a judgmental sample of accounts to obtain evidence that the net asset value provided by the investment custodian agreed to the net asset value within the trust accounting system and that the trust accounting system calculated the total market value accurately.</p>	<p>No exceptions noted.</p>

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<b>Control Objective 5</b>			
Controls provide reasonable assurance that investment fund income and gain distributions are reviewed and accurately recorded in the proper account and period.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
5-1	Each month, the investment fund accountant reviews the investment custodian's calculation. January 1, 2017 through July 31, 2017, the investment fund accountant agreed the income, number of shares, and other items used to calculate the per unit income and gain factors to internal and external sources to confirm accuracy. August 1, 2017 through December 31, 2017, the investment fund accountant agrees the numbers of shares to the most recent HighGround post-trade unit reconciliations, reviews the formulas in the spreadsheets, and reviews each factor for reasonableness compared to prior periods.	<b>Inspection:</b> Inspected the income and gain allocation spreadsheets for a judgmental sample of months that occurred during the reporting period to obtain evidence that the investment fund accountant reviewed the income and gain amounts and the number of shares used in the investment custodian's calculation of the per unit income and gain factors to confirm accuracy.	No exceptions noted.
5-2	After the per unit income and gain factors provided by the investment custodian are reviewed by the investment fund accountant, operations	<b>Inspection:</b> Inspected the month-end net income and gain distribution procedures documentation to obtain evidence that a documented process was in place.	No exceptions noted.

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<b>Control Objective 5</b>			
Controls provide reasonable assurance that investment fund income and gain distributions are reviewed and accurately recorded in the proper account and period.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
	personnel enter the investment fund per unit income and gain factors into the trust accounting system.	<b>Observation:</b> Observed during physical site visits completed during the reporting period that operations personnel entered the per unit income and gain factors into the trust accounting system using the income and gain allocation spreadsheet provided by the investment custodian.	No exceptions noted.
		<b>Inspection:</b> Inspected the income and gain allocation review documentation for a judgmental sample of months during the reporting period to obtain evidence that the per unit income and gain factors from the trust accounting system were reviewed by the investment fund accountant.	No exceptions noted.
		<b>Inspection:</b> Inspected user access permissions within the trust accounting system for users with per unit income and gain factors entry permissions to obtain evidence that operations personnel were the only personnel with access to enter per unit income and gain factors into the trust accounting system.	No exceptions noted.

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<b>Control Objective 5</b>			
Controls provide reasonable assurance that investment fund income and gain distributions are reviewed and accurately recorded in the proper account and period.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
5-3	The trust accounting system automatically allocates income and gains to the accounts based on the per unit income and gain factors and the number of units held.	<b>Inspection:</b> Inspected documentation for a judgmental sample of accounts to obtain evidence that the income and gains automatically allocated to the account by the trust accounting system were calculated properly.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that the trust accounting system allocated income and gains to the proper period based upon the period end date input by operations personnel.	No exceptions noted.
		<b>Inspection:</b> Inspected the manually entered dates associated with per unit income and gain factors for a judgmental sample of months that occurred during the reporting period to obtain evidence that the dates entered matched the period ending dates.	No exceptions noted.

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<b>Control Objective 6</b>			
Controls provide reasonable assurance that remittances are authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
6-1	Authorizations for remittances originate from legal agreements, standard practice, or specific donor or institution instructions.	<b>Inspection:</b> Inspected documentation for a judgmental sample of remittances processed during the reporting period to obtain evidence that authorizations for remittances originated from legal agreements, standard practice, or specific donor or institution instructions.	No exceptions noted.
		<b>Inspection:</b> Inspected documentation for a judgmental sample of accounts created during the reporting period to obtain evidence that the account information within the trust accounting system matched the information contained in the legal agreement, client instructions, or appropriate internal instructions.	No exceptions noted.
		<b>Inspection:</b> Inspected documentation for a judgmental sample of check, ACH and wire transfer requests received during the reporting period to obtain evidence that donor or institution requests for remittances agreed to entries in the trust accounting system based on the date, source and amount of the request.	No exceptions noted.

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<b>Control Objective 6</b>			
Controls provide reasonable assurance that remittances are authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
6-2	The account administrator reviews and modifies, if necessary, a list of pending remittances generated by the trust accounting system prior to issuance of checks, wires, or ACHs.	<b>Inquiry:</b> Inquired of the Manager of Institutional and Trust Administration regarding pending remittances generated by the trust accounting system and whether the remittances had been reviewed by the account administrator prior to issuance of checks, wires, or ACHs during the reporting period.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that the account administrator reviewed a pending remittance report generated by the trust accounting system prior to the issuance of checks, wires, or ACHs.	No exceptions noted.
		<b>Inspection:</b> Inspected documentation for a judgmental sample of check, ACH, and wire remittances processed during the reporting period to obtain evidence that the remittances were posted to the proper account.	No exceptions noted.
6-3	Operations personnel release automated remittances and process manual remittances in the trust accounting system.	<b>Observation:</b> Observed during physical site visits completed during the reporting period that the account administrator reviewed a pending remittance report generated by the trust accounting system prior to the	No exceptions noted.

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Controls provide reasonable assurance that remittances are authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		issuance of checks, ACH, and wires.	
		<b>Inspection:</b> Inspected documentation for a judgmental sample of check, ACH, and wire transfer requests received during the reporting period to obtain evidence that donor or institution requests for remittances agreed to entries in the trust accounting system based on the date, source and amount of the request.	No exceptions noted.
		<b>Inspection:</b> Inspected user access rights to the trust accounting system for users with release automated remittances and process manual remittances access to obtain evidence that only operations personnel had access to release automated remittances and process manual remittances in the trust accounting system.	No exceptions noted.
		<b>Inspection:</b> Inspected documentation for a judgmental sample of remittance requests received during the reporting period to obtain evidence that the	No exceptions noted.

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<b>Control Objective 6</b>			
Controls provide reasonable assurance that remittances are authorized and recorded accurately.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		remittances were recorded to the proper account.	
6-4	The securities and banking operations specialist produces the daily balancing report, which reconciles receipts and remittances to entries made in the trust accounting system. The daily balancing report is forwarded to an operations supervisor for review.	<b>Inspection:</b> Inspected the daily balancing reports for a judgmental sample of days that occurred during the reporting period to obtain evidence that an operations supervisor reviewed the balancing report.	No exceptions noted.
		<b>Reperformance:</b> Reperformed the review for a judgmental sample of the daily balancing reports inspected to obtain evidence that the receipts and remittances were reconciled accurately to the entries made in the trust accounting system.	No exceptions noted.

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<b>Control Objective 7</b>			
Controls provide reasonable assurance that reporting to clients is accurate and delivered in a timely manner.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
7-1	Statements are provided for certain account types on a regular and timely basis.	<b>Inspection:</b> Inspected the email verification for a judgmental sample of months that occurred during the reporting period to obtain evidence that statements were provided on a regular and timely basis.	No exceptions noted.
7-2	Operations personnel perform manual reconciliation and review activities during daily balancing to ensure that data captured in the trust accounting system is accurate.	<b>Inspection:</b> Inspected manual reconciliation and review documentation for a random sample of dates that occurred during the reporting period to obtain evidence that operations personnel performed manual reconciliations and review activities during daily balancing in order to help ensure that data captured in the trust accounting system was accurate.	No exceptions noted.
		<b>Inspection:</b> Inspected resolution documentation for a random sample of issues identified within the manual daily balancing reconciliations inspected to obtain evidence that issues identified during the manual daily balancing reconciliation and review were resolved.	No exceptions noted.

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<b>Control Objective 7</b>			
Controls provide reasonable assurance that reporting to clients is accurate and delivered in a timely manner.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
7-3	Statements produced are reviewed for exceptions by cross footing statements. Account administrators review a judgmental sample of client statements prior to posting the statements to the website for client access.	<b>Inspection:</b> Inspected the statement review documentation for a judgmental sample of months that occurred during the reporting period to obtain evidence that the information systems coordinator completed the checklist used for reviewing the client institutions' statements for exceptions.	No exceptions noted.
		<b>Inspection:</b> Inspected the statement review documentation for a judgmental sample of months that occurred during the reporting period to obtain evidence that the account administrators reviewed a judgmental sample of statements prior to posting the statements to the website for client access.	No exceptions noted.
		<b>Reperformance:</b> Reperformed the review for a judgmental sample of months inspected to obtain evidence that the cross footing performed by the information systems coordinator was completed accurately.	No exceptions noted.

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**Control Objective 7**

Controls provide reasonable assurance that reporting to clients is accurate and delivered in a timely manner.

<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
7-4	HighGround internal audit performs an annual review of new and existing accounts to verify that account balances are accurately reported to the institutions. If applicable, a report of findings is submitted to management and the Accounting and Audit Committees.	<b>Inspection:</b> Inspected internal audit's documentation associated with its annual review of new and existing accounts and spreadsheet statements to obtain evidence that an independent review of accounts and corresponding spreadsheet statements was performed to verify that account balances were accurately reported within account spreadsheet statements and any findings were submitted to management and the Accounting and Audit Committee.	No exceptions noted.

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**Control Objective 8**

Controls provide reasonable assurance that accounts are properly closed.

<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
8-1	Closing an account is supported by legal agreements, donor or institution instructions, or appropriate internal instructions.	<b>Inspection:</b> Inspected documentation for a judgmental sample of accounts closed during the reporting period to obtain evidence that the closing was supported by legal agreements, donor or institution instructions, or appropriate internal instructions.	No exceptions noted.
		<b>Inspection:</b> Inspected the review documentation for a judgmental sample of accounts closed during the reporting period to obtain evidence that the accounts were reviewed by the Manager of Institutional and Trust Administration, a member of the Trust Administration Committee, or a second trust administrator (companion reviewer) to ensure that the accounts were properly closed.	No exceptions noted.
		<b>Inspection:</b> Inspected screenshots from the trust accounting system to obtain evidence that it prevented the closure of an account until the account had a zero balance.	No exceptions noted.
8-2	The trust accounting system prohibits the posting of transactions to closed accounts.	<b>Inquiry:</b> Inquired of management regarding the trust accounting system and whether the trust accounting system had prohibited the posting of	No exceptions noted.

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**Control Objective 8**

Controls provide reasonable assurance that accounts are properly closed.

<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		transactions to closed accounts during the reporting period.	
		<b>Inspection:</b> Inspected screenshots from the trust accounting system to obtain evidence that when the securities and banking operations specialist attempted to post a transaction to a closed account, the transaction was prohibited by the trust accounting system.	No exceptions noted.

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<b>Control Objective 9</b>			
Controls provide reasonable assurance that changes to HighGround managed operating systems software are documented and performed by authorized personnel.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
9-1	The information systems coordinators and the third party network consultant are the only individuals authorized to install recommended updates to the Windows operating systems. The details for the updates are documented within the Windows Server 2008 and 2012 Operating Systems update history log.	<b>Inspection:</b> Inspected the listing of domain administrators to obtain evidence that only the information systems coordinator or third party network consultant were authorized to install approved updates.	No exception noted.
		<b>Inspection:</b> Inspected the job description for the information systems coordinator to obtain evidence that responsibilities included supporting and maintaining the network, hardware, system infrastructure and operating systems.	No exception noted.
		<b>Inspection:</b> Inspected the online installation history of updates made during the reporting period to obtain evidence that updates to the Windows Server 2008 and 2012 Operating Systems were installed by the third party network consultants and documented in the operating systems' update history log.	No exception noted.

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<b>Control Objective 10</b>			
Controls provide reasonable assurance that physical access to HighGround managed computer equipment and storage media is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
10-1	Physical access to the facility is restricted to employees. Visitors are required to sign-in at the front desk.	<b>Inquiry:</b> Inquired of HighGround management regarding physical access controls and whether visitor access to the facility, computer equipment and storage media had been controlled during the reporting period.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that the main entrance was staffed during business hours by a receptionist who monitored access, required visitors to sign into the visitor log, assigned visitor badges to visitors while visiting the office, and the building had security guards stationed at main entrances to the building.	No exceptions noted.
10-2	Physical access to the IDF room is restricted to authorized individuals only.	<b>Inquiry:</b> Inquired of HighGround management regarding physical access controls relating to the server room and whether physical access to the server room/IDF room during the reporting period.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that physical access of the server room/IDF room was restricted to only authorized individuals.	No exceptions noted.

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<b>Control Objective 10</b>			
Controls provide reasonable assurance that physical access to HighGround managed computer equipment and storage media is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
10-3	HighGround personnel control and monitor access to the IDF room.	<b>Inquiry:</b> Inquired of HighGround management regarding HighGround personnel and whether, during the reporting period, access to the server room had been restricted to authorized individuals.	No exceptions noted.
		<b>Observation:</b> Observed during physical site visits completed during the reporting period that physical access to the server room was restricted to information systems personnel and was strategically placed in the office allowing HighGround personnel to monitor access.	No exceptions noted.

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<b>Control Objective 11</b>			
Controls provide reasonable assurance that logical access to HighGround controlled data files and computer programs is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
11-1	The information systems coordinators assign the Windows Server 2008 and 2012 Operating Systems user account and initial password.	<b>Inquiry:</b> Inquired of the information systems coordinator that employees hired during the reporting period are provided an initial password upon new hire access approval.	No exceptions noted.
		<b>Inspection:</b> Inspected the Network Access Forms for a random sample of employees hired during the reporting period to obtain evidence that the information systems coordinator assigned systems user accounts to newly hired employees based on approved access request forms.	No exceptions noted.
11-2	Initial user network passwords are set up to expire upon first log in and must be changed at that time.	<b>Inspection:</b> Inspected a screen print of a standard user account provided by the information systems coordinator to obtain evidence that system settings required users to change their passwords on initial logon.	No exceptions noted.
11-3	After access approval, the information systems coordinators assign the trust accounting system user account and initial password.	<b>Inquiry:</b> Inquired of the information systems coordinator regarding the new user account creation process and whether the coordinator had assigned the initial passwords to new trust accounting system user accounts during the reporting period.	No exceptions noted.

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<b>Control Objective 11</b>			
Controls provide reasonable assurance that logical access to HighGround controlled data files and computer programs is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		<b>Inspection:</b> Inspected Innovest Access Forms provided by the human resources coordinator for a random sample of employees hired during the reporting period to obtain evidence that a trust accounting system user account and password were created based on an approved access request form.	No exceptions noted.
		<b>Inspection:</b> Inspected user profiles for the trust accounting system to obtain evidence that individuals with access to enter manual trades, enter investment fund per unit income and gain factors, release remittances, process manual remittances, input transactions and record cash receipts were authorized.	No exceptions noted.
11-4	Resignations and transfers are promptly communicated to and handled by the respective information system coordinators.	<b>Inspection:</b> Inspected the access change request tickets for all employee transfer and terminations and compared it to a list of active user accounts on both the network and the trust accounting system to obtain evidence that information systems coordinators were informed of terminated employees and had their employee accounts disabled from the relevant systems timely.	No exceptions noted.

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<b>Control Objective 11</b>			
Controls provide reasonable assurance that logical access to HighGround controlled data files and computer programs is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
11-5	Use of password log in controls prevents unauthorized access to the network.	<b>Observation:</b> Observed during physical site visits completed during the reporting period that passwords were required to authenticate on both the Windows Server 2008 and 2012 Operating Systems network and the trust accounting system.	No exceptions noted.
		<b>Inspection:</b> Inspected the Operational Guidelines for Information Systems to obtain evidence that password limitation procedures were in place to restrict access to the network to individuals with an assigned account and appropriate password adhering to password composition requirements.	No exceptions noted.
		<b>Inspection:</b> Inspected the Windows Server 2008 and 2012 Operating Systems password configuration settings to obtain evidence that user accounts were locked after a certain number of unauthorized access attempts, passwords were set to expire periodically, and passwords were required to be a minimum number of characters.	No exception noted.

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<b>Control Objective 11</b>			
Controls provide reasonable assurance that logical access to HighGround controlled data files and computer programs is limited to authorized individuals.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
11-6	Account lockout policy is set to deny system access after a designated number of unauthorized entry attempts, and requires the user to obtain access from the information systems coordinators.	<b>Inspection:</b> Inspected system settings on the Windows Server 2008 and 2012 Operating Systems to obtain evidence that user accounts were locked after a certain number of unauthorized access attempts and that the user was required to then obtain access from the information system coordinator.	No exceptions noted.
		<b>Inspection:</b> Inspected the trust accounting system lock out settings to obtain evidence that user accounts were locked after a certain number of unauthorized access attempts and that the user was required to then obtain access from the information system coordinator.	No exceptions noted.
11-7	Remote access to the live data files and computer programs is restricted. Only users with authorization through HighGround's secured online application may remotely access the network.	<b>Inspection:</b> Inspected management's remote access review for a judgmental sample of months that occurred during the reporting period to obtain evidence that management reviewed access to ensure that only authorized individuals gained remote access.	No exceptions noted.

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<b>Control Objective 12</b>			
Controls provide reasonable assurance that data and system files are archived on a scheduled basis and replicated to an offsite location.			
<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
12-1	Incremental image archives of the network are performed every 4 hours.	<b>Inquiry:</b> Inquired of management regarding incremental image archives of the network and whether they had been performed throughout each day during the reporting period.	No exceptions noted.
		<b>Inspection:</b> Inspected the Operational Guidelines for Information Systems to obtain evidence that backup guidelines and procedures were documented.	No exceptions noted.
		<b>Inspection:</b> Inspected the archive software's schedule settings to obtain evidence that incremental image archives were scheduled to execute every four hours throughout the day.	No exceptions noted.
		<b>Inspection:</b> Inspected the archive logs for a judgmental sample of days that occurred during the reporting period to obtain evidence that incremental image archives were executed in accordance with the archive schedule.	No exceptions noted.
12-2	Image archives are retained offsite for 90 days (weekly) and 1 year (monthly).	<b>Inspection:</b> Inspected the retention settings for the data archive schedule to obtain evidence that archived data was stored off-site for 90 days (weekly) and 1 year (monthly).	No exceptions noted.

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**Control Objective 12**

Controls provide reasonable assurance that data and system files are archived on a scheduled basis and replicated to an offsite location.

<b>Control Activity Number</b>	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
		<b>Inspection:</b> Inspected the inventory of monthly backups to obtain evidence that archives were retained for at least 12 months.	No exceptions noted.

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## V. Other Information Provided by HighGround Advisors

The information in this section describing activities and controls is presented by HighGround to provide additional information to its users and is not part of HighGround's description of controls that may be relevant to the user's internal control as it relates to an audit of financial statements. Such information has not been subjected to the procedures applied in the examination of the description of HighGround's operations on behalf of its users, and accordingly, Grant Thornton LLP expresses no opinion on it.

<b>Control Objective 3</b>			
Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately, and are properly authorized.			
	<b>Control Activity</b>	<b>Tests Performed By Service Auditor</b>	<b>Results of Testing</b>
3-4	The investment fund accountant uses market indices as benchmarks to review the daily investment fund unit net asset values provided by the investment custodian.	<b>Inspection:</b> Inspected the benchmark spreadsheets for a judgmental sample of days that occurred during the reporting period to obtain evidence that the investment fund accountant compared changes in market indices to changes in the daily investment fund unit net asset values provided by the investment custodian.	Exception noted. The Service Auditor noted that for one out of 25 sampled days, the review was not performed. Service auditor sampled an additional 15 days and noted no further exceptions.

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**Control Objective 3**

Controls provide reasonable assurance that investment fund unit purchases and liquidations are recorded accurately, and are properly authorized.

Control Activity	Tests Performed By Service Auditor	Results of Testing
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**Management's Response:**

**Management confirmed no critical participant activity was processed in HighGround Investment Funds (i.e. unit trades, income or gain distributions, month-end valuation) on the exception date noted by the service auditors. Benchmark reviews are performed daily, and management has reinforced the requirements with the investment fund accountant.**

**Control Objective 4**

Controls provide reasonable assurance that the market value of investment funds are properly calculated using prices obtained from the investment custodian.

Control Activity	Tests Performed By Service Auditor	Results of Testing
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4-1	The investment fund accountant uses market indices as benchmarks to review the daily investment fund unit net asset values provided by the investment custodian.	<b>Inspection:</b> Inspected the benchmark spreadsheets for a judgmental sample of days that occurred during the reporting period to obtain evidence that the investment fund accountant compared changes in market indices to changes in the daily investment fund unit net asset values provided by the investment custodian.	Exception noted. The Service Auditor noted that for one out of 25 sampled days, the review was not performed. Service auditor sampled an additional 15 days and noted no further exceptions.
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**Management's Response:**

**Management confirmed no critical participant activity was processed in HighGround Investment Funds (i.e. unit trades, income or gain distributions, month-end valuation) on the exception date noted by the service auditors. Benchmark reviews are performed daily, and management has reinforced the requirements with the investment fund accountant.**

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The information below regarding HighGround's Preparedness Plan is presented to provide additional information and is not a part of HighGround's description of controls that may be relevant to the user organization's internal control. Such information has not been subjected to the procedures applied in the examination of the description of the controls and, accordingly, the Grant Thornton, LLP expresses no opinion on it.

### **Preparedness Plan**

HighGround has developed and implemented plans, systems, and training to automate and manage emergency situations that would seriously disrupt processing environments. Recovery planning is considered an integral part of HighGround's approach to risk management. HighGround has established formal policies and programs for analyzing, developing, maintaining, and testing recovery plans. Recovery planning involves all levels of management throughout the organization, and each department is represented on the Business Continuity Committee.

HighGround maintains a recovery contract with Agility Recovery Services. In the event of a disaster, systems would be fully recoverable. The Preparedness Plan is tested annually.

In addition to HighGround's Preparedness Plan, HighGround relies upon the disaster recovery plans which have been placed in operation by Innovest Systems, CenturyLink Technology Services, and BNY Mellon/The Northern Trust Company as subservice organizations. The disaster recovery plans of Innovest Systems, CenturyLink Technology Services, and BNY Mellon/The Northern Trust Company have been documented within their Independent Service Auditor's Reports (SOC 1 and SOC 2 Type II reports).



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