Consolidated Financial Statements and Report of Independent Certified Public Accountants

Funds Administered by HighGround Advisors

December 31, 2016 and 2015

Funds Administered by HighGround Advisors

C O N T E N T S

Grant Thornton

Report of Independent Certified Public Accountants

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Board of Directors
HighGround Advisors

We have audited the accompanying consolidated financial statements of Funds Administered by HighGround Advisors and subsidiary, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and related consolidated statements of operations, and consolidated statements of changes in funds administered for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Grant Thornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Funds Administered by HighGround Advisors and subsidiary as of December 31, 2016 and 2015, and the results of their operations and changes in funds administered for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedules of Consolidated Assets, Schedules of Consolidated Administrative Expenses, and Consolidating Balance Sheets by Fund are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Dallas, Texas
May 3, 2017

Funds Administered by HighGround Advisors

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollars in thousands unless otherwise noted)

ASSETS	2016	2015
Cash and cash equivalents	$ 113,247	$ 117,022
Cash equivalents held as collateral for securities on loan	65,933	66,011
Equity securities (cost, $695,844 and $703,442 in 2016 and 2015)	742,929	745,497
Bonds (cost, $341,489 and $368,187 in 2016 and 2015)	344,845	362,797
Marketable alternatives (cost, $126,537 and $153,575 in 2016 and 2015)	139,618	157,830
Investments in private equity funds (cost, $70,938 and $62,478 in 2016 and 2015)	75,501	72,178
Accrued interest, dividends and royalties	4,487	5,428
Securities on loan to borrowers	64,260	64,399
Receivable from sale of securities	37,260	58,654
Mortgage loans and notes receivable	2,010	8,248
Real estate, properties and funds (cost, $84,537 and $63,311 in 2016 and 2015)	88,810	63,737
Mineral rights and royalties (cost, $2,047 and $2,082 in 2016 and 2015)	104,638	127,696
Other	1,937	1,819
Total assets	$1,785,475	$1,851,316
LIABILITIES AND FUNDS ADMINISTERED		
Liabilities		
Accrued liabilities	$ 1,883	$ 1,889
Payable for purchases of securities	79,655	103,702
Liability for collateral held for securities on loan	65,933	66,011
Total liabilities	147,471	171,602
Commitments and contingencies (Note F)		
Funds administered		
Institutional funds	1,373,009	1,403,273
Annuity and life income trust funds	89,260	99,269
Net unrealized gains on investments	175,735	177,172
Total funds administered	1,638,004	1,679,714
Total liabilities and funds administered	$1,785,475	$1,851,316

The accompanying notes are an integral part of these consolidated statements.

Funds Administered by HighGround Advisors

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31,
(Dollars in thousands unless otherwise noted)

	2016	2015
Revenues		
Dividends	$ 16,403	$ 16,571
Interest		
Cash and cash equivalents	425	115
Bonds	8,737	11,114
Mortgage loans and notes receivable	360	586
Oil and gas income	28,053	37,276
Other income	2,978	2,120
Total revenues	56,956	67,782
Expenses		
Administrative expenses	8,783	8,399
Other operating expenses	8,094	9,125
Total expenses	16,877	17,524
Excess of revenues over expenses	40,079	50,258
Net realized gains on investments	25,401	55,706
Net unrealized (losses) on investments	(1,437)	(247,405)
Net (loss) income	$ 64,043	$(141,441)

The accompanying notes are an integral part of these consolidated statements.

Funds Administered by HighGround Advisors

CONSOLIDATED STATEMENTS OF CHANGES IN FUNDS ADMINISTERED

Years ended December 31,
(Dollars in thousands unless otherwise noted)

	2016	2015
Funds administered at beginning of year	$1,679,714	$1,874,173
Additions		
Contributions by individuals and estates to HighGround for the benefit of various client institutions	8,366	11,425
Contributions from client institutions	65,909	77,338
Excess of revenues over expenses	40,079	50,258
Net realized gains on investments	25,401	55,706
Net unrealized losses on investments	(1,437)	(247,405)
	138,318	(52,678)
Reductions		
Capital remitted to client institutions, beneficiaries and others	98,298	48,614
Income remitted to client institutions, beneficiaries and others	79,875	92,137
Other	1,855	1,030
	180,028	141,781
Change in funds administered	(41,710)	(194,459)
Funds administered at end of year	$1,638,004	$1,679,714

The accompanying notes are an integral part of these consolidated statements.

NOTE A - NATURE OF OPERATIONS

HighGround Advisors ("HighGround") exists to encourage, receive and manage assets for charitable institutions ("client institutions"). HighGround has no programs or causes of its own; it owns no property except in trust for others or as necessary to carry out the purposes of HighGround under its bylaws and has no obligations that are its own general liabilities. HighGround's purpose is to administer various types of funds for charitable institutions located throughout the world. These funds consist of assets that can be characterized as (a) endowment assets under the control of HighGround, (b) institutional assets, and (c) charitable split-interest assets.

(a) Endowment assets are assets that have been given to HighGround for the benefit of one of its client institutions. HighGround perpetually controls these assets and is responsible for the management, investment, and distribution of these assets. The client institutions may not withdraw these funds.

(b) Institutional assets include endowment, quasi-endowment, operational and other assets placed with HighGround for administration. Administration includes all or some combination of the trust, investment and accounting services offered by HighGround. The client institution's board of directors is responsible for oversight of the management, investment, and distribution of these assets but has delegated one or more of these functions to HighGround. The client institutions may withdraw any of these funds at their discretion.

(c) Charitable split-interest assets are comprised of the assets funding the following gift vehicles:

Charitable Remainder Trusts
Charitable Lead Trusts
Qualified Charitable Gift Annuities
Pooled Income Funds
Irrevocable Non-Qualifying Charitable Trusts

All of the assets in these gift vehicles, except for charitable lead trusts, will inure to the benefit of one or more of HighGround's client institutions upon termination of the obligations to the respective income beneficiaries. The contractual annuity obligation under qualified charitable gift annuities rests with the named client institution beneficiary and is not a general liability of HighGround. Under charitable remainder trusts, charitable lead trusts, pooled income funds, and irrevocable non-qualifying trusts, liability for payments rests in the trust entity.

The principal administrative services provided by HighGround relate to endowment asset management and administration, oil and gas management, real estate management, charitable gift development and long-term gift administration, all of which include accounting, reporting, and investing components. Investment activities are directed by HighGround through fund managers selected by HighGround. HighGround has investment policies and guidelines related to asset allocation, income/principal distribution, and investment vehicles, which apply to all funds under the control of HighGround as well as those institutional assets placed with HighGround for administration without specific directions to vary from these guidelines. However, each institution may elect to determine and set its own asset allocation, income/principal distribution, and type of investment vehicles for assets characterized as institutional assets. At December 31, 2016 and 2015, approximately $906 million and $1,100 million, respectively, of institutionally controlled assets were being administered at the direction of the client institutions.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

HighGround has no significant assets or obligations of its own, therefore the financial statements reflect the funds administered by HighGround. The consolidated statements of changes in funds administered reflect distributions to client institutions and life income trust beneficiaries based on the terms of the underlying trust and/or legal agreements.

Principles of Consolidation

The consolidated financial statements include all funds held in accounts administered by HighGround. Included in the consolidation are the accounts of HighGround and the corporate assets and liabilities of its subsidiary HighGround Trust Company (the "Trust Company"). The Trust Company is a wholly-owned subsidiary of HighGround Mortgage Loan and Real Estate Fund, one of HighGround's investment funds. All intercompany and intertrust transactions have been eliminated as part of the consolidation.

The Trust Company is a for-profit Texas trust company regulated by the Texas Department of Banking. HighGround employs the services of the Trust Company for administration of its charitable split-interest accounts. The Trust Company offers professional trust administration and investment management to individuals along with endowment management services for not-for-profit organizations. At December 31, 2016 and 2015, the Trust Company administered on behalf of HighGround 803 and 742 charitable split-interest accounts with a total approximate market value of $160.2 million and $166.0 million, respectively. These charitable split-interest funds, for which HighGround has ultimate responsibility for administration, are consolidated into HighGround's financial statements.

Non-HighGround accounts that the Trust Company administers are not consolidated into HighGround's financial statements since HighGround does not administer or control the assets of the Trust Company's other outside clients. The assets for the Trust Company clients that were excluded from HighGround's financial statements had an approximate market value of $70.1 million and $67.7 million on December 31, 2016 and 2015, respectively.

Included in the consolidated balance sheets is the Trust Company's corporate assets of approximately $2.9 million as of December 31, 2016 and 2015, respectively, which primarily consists of cash and cash equivalents.

Cash and Cash Equivalents and Cash Equivalents Held as Collateral for Securities on Loan

HighGround considers all cash, money market funds, and highly liquid debt instruments with original maturities of three months or less to be cash equivalents. HighGround places its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. HighGround has not experienced any losses on such accounts. At December 31, 2016 and 2015, substantially all of HighGround's cash and cash equivalents were in excess of the federally insured limits. Interest on cash and cash equivalents is recognized as earned. The carrying amount approximates fair value because of the short maturity of those instruments.

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Investments

- *Securities*

Equity securities and bonds are carried at fair value, which is generally determined based on quoted market prices. Certain bonds are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers. Private equity funds and marketable alternatives are carried at net asset value as a practical expedient for determining fair value and appropriate available market indices, if available. The net realized and unrealized gains (losses) in fair value of investments are reflected in the consolidated statements of operations. Dividends and interest are recognized when earned.

- *Real Estate, properties and funds*

Investments in real estate are carried at fair value, which is determined based on analysis of the current real estate market for similar properties. The net realized and unrealized gains (losses) in fair value of investments in real estate are reflected in the consolidated statements of operations.

- *Mineral Rights and Royalties*

Investments in mineral rights and royalties are carried at fair value, which is determined by a multiple of the twelve month rolling royalty income. The net realized and unrealized gains (losses) in fair value of investments in mineral rights and royalties are reflected in the consolidated statements of operations. Revenue is generally recorded based on the cash received for oil and gas volumes sold. Since the cash is generally received two to three months after the production month, HighGround accrues for revenue earned but not yet received.

- *Derivative Instruments*

Derivative financial instruments are recorded in the consolidated balance sheet as either an asset or a liability measured at fair value.

HighGround uses securities futures contracts to gain immediate market exposure rather than buying individual securities. HighGround utilizes Eurodollar and London Interbank offered rate ("LIBOR") futures contracts to obtain interest rate exposure in the short-end of the U.S. yield curve. These futures contracts are a common instrument of the money market and are cash settled, meaning no securities are delivered at the expiration of the contract. Futures contracts are recorded at fair value based on exchange traded quotes.

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

HighGround manages exposure to fluctuations in foreign exchange rates in its investment portfolio by creating offsetting positions through the use of foreign currency forward exchange contracts. These contracts provide for the purchase or sale of foreign currencies at specified future dates and specified exchange rates. Notional amounts are stated in the U.S. dollar equivalents at spot exchange rates at the respective dates. The net carrying value of foreign currency forward exchange contracts is equal to their fair value based upon quoted market prices for contracts with similar maturities.

HighGround uses interest rate and credit default swaps in its fixed income portfolio to adjust risk exposure (e.g. duration, maturity mix, credit quality and rate spreads), to adjust exposure to sectors of the market (e.g. treasuries, mortgages, corporations) and as a substitute for physical securities. HighGround uses options on swaps and U.S. Treasury futures to manage interest rate and volatility exposures. These interest rate and credit default contracts are also recorded at fair value based on observable market inputs including, but not limited to, swap and yield curves, interest rates, LIBOR, credit spreads, and recovery rates.

The fair value of derivatives is included with equity securities and bonds in the accompanying consolidated balance sheets. Changes in fair value are recorded as realized and unrealized gains (losses) and are included with realized and unrealized gain (losses) on investments in the consolidated statements of operations.

Mortgage Loans and Notes Receivable

HighGround's mortgage loans and notes receivable are reported at carrying value which approximates fair value as of the reporting dates due to the short term nature of these investments and with consideration of interest rates and significant changes in credit risk. Management determines carrying value as the outstanding principal amounts, adjusted for any valuation allowance for loan losses. Collateral on the mortgage loans is concentrated in real estate.

Interest on mortgage loans and notes receivable is recognized as earned.

Receivable and Payable from Sale and Purchases of Securities

The carrying amounts approximate fair value because of the short maturity of these instruments.

Basis for Recording Assets

Contributed assets and assets transferred from client institutions are generally recorded at estimated fair value, if readily determinable, at the date of contribution or transfer. Assets without a readily determinable fair value are recorded at a nominal amount until a fair value is determined at year end.

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Allocation of Oil, Gas and Mineral Proceeds

All oil and gas royalties and lease bonuses are credited to income. Certain amounts of oil and gas income are transferred to fund principal pursuant to the provisions of the trust instruments or client direction. Where the trust instrument is silent, 22% of gross income is allocated to fund principal in accordance with the Texas Trust Code. For endowments where the legal instrument is silent, 22% of gross income is allocated to fund principal unless directed differently by the client institution.

Income Taxes

HighGround is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3). HighGround is not a private foundation within the meaning of Section 509(a) of the IRC because it is an organization described in Section 509(a)(1). HighGround is an integrated auxiliary of a church, therefore HighGround is not required to file Form 990. However, income generated from activities unrelated to HighGround's exempt purpose is subject to tax under IRC Section 511. HighGround had no material unrelated business taxable income for the years ended December 31, 2016 or 2015. The Trust Company files a separate Federal income tax return and accounts for income taxes under the asset and liability method.

As required by the uncertain tax position guidance in the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740, *Income Taxes*, HighGround and the Trust Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an examination. HighGround and the Trust Company recognize the potential accrued interest and penalties related to unrecognized tax benefits within income tax expense. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. All tax positions taken related to HighGround and the Trust Company, for which the statute of limitations remained open, have been reviewed, and management is of the opinion that material positions taken by HighGround and the Trust Company would more likely than not be sustained upon examination. Accordingly, HighGround and the Trust Company have not recorded an income tax liability for uncertain tax benefits.

The Trust Company files a federal income tax and state franchise tax return, which remain open for examination for the previous three and five year period, respectively.

Use of Estimates

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

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Investment Securities

The carrying amounts for debt and equity securities are at fair value based on quoted market prices or valuation based on comparable securities or values from brokers and dealers.

Derivative Instruments

The carrying amounts for derivatives are at fair value based on exchange traded quotes, quoted market price for contracts with similar maturities or fair values determined based on other observable market inputs. The fair values of derivatives were $886 and $(1,049) at December 31, 2016 and 2015, respectively, and are included with equity securities and bonds in the accompanying consolidated balance sheets.

Investments in Private Equity Funds

Investments in private equity funds are carried at net asset value as a practical expedient for determining fair value. These investments are diversified across various buy-out, venture capital and special situation investment opportunities available in the private equity investment market. They are also diversified across industries, countries, and vintage years. Investments are made through multiple limited partnerships and other limited liability collective investment vehicles that are sponsored by third party advisors. In general, investments in private equity funds are nonredeemable interests. Due to the inherent illiquidity of the underlying investments, redemptions are not permitted; however, typically, as investments are sold or liquidated, the net proceeds of the sale are distributed back to the investors in the fund immediately following the sale or liquidity event. HighGround estimates an average investment period of 15 years for private equity investments. Unfunded commitments for investment in private equity funds were $23.7 million and $36.9 million as of December 31, 2016 and 2015, respectively.

One of the significant investments includes a commitment to a private equity fund of funds, whose objective is to create a diversified portfolio of private equity partnerships over an approximate five-year period. This fund may invest in buyouts, venture capital, special situations, and other investment strategies. The portfolio is diversified by investment strategy, life cycle, investment manager, geographic region, and industry. HighGround has a commitment of $50.0 million to this fund of which $4.2 million and $7.3 million remains unfunded as of December 31, 2016 and 2015, respectively. The net asset value of HighGround's investment in this fund is $36.6 million and $38.3 million as of December 31, 2016 and 2015, respectively.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Investments in Marketable Alternatives

Investments in marketable alternatives are carried at net asset value as a practical expedient for determining fair value. These investments are diversified across various investment strategies available in the market. Investments are made through fund of funds through multiple investment managers to create a diversified portfolio.

Investments in Real Estate

Real estate is carried at fair value based on an internal comparative market analysis using management knowledge of the properties, current real estate market for similar properties and recent sales of comparative properties. The fair value of real estate held by HighGround was $7.7 million and $8.0 million as of December 31, 2016 and 2015, respectively.

Investments in real estate funds are carried at net asset value as a practical expedient for determining fair value. Investments are diversified across all commercial property types (e.g. office, industrial, retail, multi-family), geo-economic regions, investment horizons and vintage years. Investments in real estate funds are made through limited partnerships and other limited liability collective investment vehicles managed by third party advisors. In general, investments in real estate funds are nonredeemable interests. Due to the inherent illiquidity of the underlying investments, redemptions are generally not permitted; however, typically, as investments are sold or liquidated, the net proceeds of the sale are distributed back to the investors in the fund immediately following the sale or liquidity event. HighGround estimates an average investment period of 10 years for real estate investments. The fair value of investment in real estate funds held by HighGround was $81.1 million and $55.7 million as of December 31, 2016 and 2015, respectively. Unfunded commitments for investment in real estate funds were $11.7 million and $16.4 million as of December 31, 2016 and 2015, respectively.

One of the significant investments includes an investment in an open-ended real estate fund whose objective is to invest in a well-diversified portfolio of operating assets consisting primarily of retail, office, multi-family and industrial properties with a focus on individual transactions ranging between $50 and $100 million. The fund is diversified geographically and invests only in the U.S. HighGround had a commitment of $10.0 million to this investment which has been fully funded as of December 31, 2016 and 2015, respectively. The net asset value of HighGround's investment in this fund is $12.6 million and $12.3 million as of December 31, 2016 and 2015, respectively.

Investments in Mineral and Royalty Rights

Mineral interests consist primarily of royalty interests in oil, natural gas, and natural gas liquids which are developed and produced by oil and gas companies independent of HighGround. The mineral interests are primarily located in Texas, Oklahoma, New Mexico, Louisiana, Arkansas, and Mississippi. Investments in mineral interests are carried at fair value calculated by multiplying the most recent twelve months of royalty income, excluding lease bonus income, times a multiple. Management determines the multiple through an annual evaluation of relevant information which may result in a different multiple each year. Management used a multiple of five for the valuation as of December 31, 2016, and a multiple of four for the valuation as of December 31, 2015 based on current industry methodology, recent market transactions, and HighGround's extensive experience in mineral properties.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Securities on Loan to Borrowers and Liability for Collateral Held for Securities on Loan

The carrying amounts of these instruments are at fair value based on quoted market prices of the underlying securities.

NOTE D - DERIVATIVE INSTRUMENTS

Realized gains and losses on derivative instruments are included with net realized gains (losses) on investments in the consolidated statements of operations. Unrealized gains and losses on derivative instruments are included with net unrealized gains (losses) on investments in the consolidated statements of operations.

Futures Contracts

HighGround holds the following securities futures contracts (in thousands):

	December 31, 2016	December 31, 2015
Equity Futures		
S&P 500 Mini Futures		
Net Exposure	$ -	$ -
Expiration	-	-
Number of Contracts	-	-
Realized gain for year ended	$ 5,638	$ -
Fixed Income Futures		
US Treasury Futures		
Net Exposure	$ 27,641	$ 7,063
Expiration	March 2017	March 2016
Number of Contracts	237	72
Canada Bond Futures		
Net Exposure	$ 1,743	-
Expiration	March 2017	-
Number of Contracts	17	-
Euro Bond Futures		
Net Exposure	$ (693)	$ 1,762
Expiration	March 2017	March 2016
Number of Contracts	(4)	13
Eurodollar Futures		
Net Exposure	$ 19,126	$(35,427)
Expiration	March 2017 to June 2019	June 2017 to December 2017
Number of Contracts	76	(144)
Realized (loss) for year ended	$ (556)	$ (302)

(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Upon entering into a futures contract, cash must be maintained in the portfolio to the extent equal to the fully collateralized value of the financial futures. Cash and cash equivalents are collateralized by the aggregate notional amount of open futures contracts at December 31, 2016 and 2015.

The fair value of futures contracts is included with bonds in the accompanying consolidated balance sheets.

Foreign Currency Forward Exchange Contracts

At December 31, 2016 and 2015, HighGround had outstanding foreign currency forward exchange contracts, primarily consisting of contracts for the Euro, Japanese yen, pound sterling, Canadian dollar, Australian dollar, Swiss franc, and South Korean won, as follows:

	December 31, 2016	December 31, 2015
Foreign Currency Forward Exchange Contracts		
Payable Market Value	$(18,514)	$(66,445)
Receivable Market Value	19,032	66,334
Payable Unrealized Gain (Loss)	489	(112)
Receivable Unrealized Gain	29	-
Expiration	January 2017 to February 2017	January 2016 to April 2016
Realized gain (loss) for year ended	$ (492)	$ 1,390
Forwards on Mortgage-backed Securities		
Net Exposure	-	-
Market Value	-	-
Unrealized Gain (Loss)	-	-
Expiration	-	-
Realized gain for year ended	$ -	$ 3
Foreign Currency Spot Options		
Net Exposure	-	$ (4,300)
Market Value	-	(42)
Unrealized Gain	-	32
Expiration	-	January 2016 to April 2016
Number of Contracts	-	9
Realized gain for year ended	$ 159	$ 236

(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

The fair value of foreign currency forward exchange contracts is included with bonds and equity securities in the accompanying consolidated balance sheets.

Options

HighGround holds the following options:

Options on Fixed Income Futures

	December 31, 2016	December 31, 2015
Options on US Treasury Futures		
Market Value	$ -	$ -
Unrealized Gain	-	-
Expiration	-	-
Number of Contracts	-	-
Realized gain for year ended	$ 80	$ 289
Options on Other Fixed Income Securities		
Net Exposure	$(29,500)	$ (500)
Market Value	-	-
Unrealized Gain	5	5
Expiration	November 2017 to October 2020	October 2020
Number of Contracts	3	1
Realized gain for year ended	$ 40	$ 198

Options on Swaps

Options on Swaps		
Net Notional Amount	$(16,800)	$(33,600)
Market Value	(198)	(5)
Unrealized Gain (Loss)	(160)	33
Expiration	February 2017 to November 2019	February 2016 to August 2018
Number of Contracts	12	10
Realized gain for year ended	$ 66	$ 93

The fair value of options is included with bonds in the accompanying consolidated balance sheets.

(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Swap Contracts

HighGround holds the following contracts:

	December 31, 2016	December 31, 2015
Interest Rate Swaps - Short-Term		
Net Notional Amount	$ 7,600	$ -
Market Value	(25)	-
Unrealized Gain	32	-
Expiration	December 2017	-
Interest Rate Swaps - Long-Term		
Net Notional Amount	$ 83,499	$(63,120)
Market Value	644	(1,039)
Unrealized Gain (Loss)	2,532	(1,197)
Expiration	June 2019 to December 2046	June 2017 to December 2046
Inflation Swaps		
Net Notional Amount	$ 1,174	$ 2,100
Market Value	(44)	11
Unrealized Gain (Loss)	(44)	11
Expiration	January 2030	September 2016 to January 2030
Credit Default Swaps - Short-Term		
Net Notional Amount	$ 816	$ 935
Market Value	2	-
Unrealized Gain	1	14
Expiration	March 2017 to May 2017	March 2016 to December 2016
Credit Default Swaps - Long-Term		
Net Notional Amount	$ 1,600	$ 4,238
Market Value	(11)	94
Unrealized Gain (Loss)	12	(54)
Expiration	June 2019 to January 2047	March 2017 to December 2020
Currency Swaps		
Net Notional Amount	$ -	$ 6
Market Value	-	43
Unrealized Gain	-	10
Expiration	-	March 2026
Realized (loss) for year ended	$ (2,368)	$ (2,450)

The fair value of swap contracts is included with bonds in the accompanying consolidated balance sheets.

NOTE E - SECURITIES LENDING AGREEMENT

HighGround has a securities lending agreement with its investment custodian to lend securities on HighGround's behalf. HighGround requires cash or cash equivalents as collateral, with a total value ranging from 102% to 105% of the current value of the securities loaned.

HighGround has accounted for the transfer of securities under the securities lending agreement in accordance with ASC 860, *Transfers and Servicing*. HighGround accounts for its agreement as a secured loan because HighGround has not surrendered control of the securities on loan. At December 31, 2016 and 2015, securities on loan were approximately $64.3 million and $64.4 million, respectively. Collateral held for securities on loan was approximately $65.9 million and $66.0 million at December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

HighGround, through various church finance funds, has provided guarantees for loans that are owned by other investors. In exchange for the guarantees, HighGround is entitled to a fee. HighGround did not have any commitments for loan guarantees as of December 31, 2016 and 2015.

NOTE G - FAIR VALUE MEASUREMENTS

HighGround currently records cash and cash equivalents, cash equivalents held as collateral for securities on loan, equity securities, bonds, marketable alternatives, investments in private equity funds, securities on loan to borrowers, mortgage loans and notes receivable, real estate, mineral rights and royalties, and liability for collateral held for securities on loan at fair value. HighGround adopted accounting guidance related to fair value measurement, which also establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and HighGround's assumptions (unobservable inputs). Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Inputs other than level 1 inputs that are either directly or indirectly observable

Level 3 - Unobservable inputs developed using HighGround's and/or third party estimates and assumptions, which reflect those that market participants would use

The determination of where an asset or liability falls in the hierarchy requires significant judgment. HighGround evaluates its hierarchy disclosures periodically and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, HighGround expects that changes in classifications between different levels will be rare.

(Dollars in thousands unless otherwise noted)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated balance sheet at December 31, 2016.

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 113,247	$102,001	$ 11,246	$ -
Cash equivalents held as collateral for securities on loan	65,933	-	65,933	-
Equity securities	742,929	515,063	227,659	207
Bonds	344,845	35,360	309,435	50
Marketable alternatives	139,618	-	-	139,618
Investments in private equity funds	75,501	-	-	75,501
Securities on loan to borrowers	64,260	41,187	23,073	-
Mortgage loans and notes receivable	2,010	-	-	2,010
Real estate, properties and funds	88,810	-	-	88,810
Mineral rights and royalties	104,638	-	-	104,638
Liability for collateral held for securities on loan	(65,933)	-	(65,933)	-
	$1,675,858	$693,611	$571,413	$410,834

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated balance sheet at December 31, 2015.

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 117,022	$115,530	$ 1,492	$ -
Cash equivalents held as collateral for securities on loan	66,011	-	66,011	-
Equity securities	745,497	674,239	71,069	189
Bonds	362,797	34,117	327,684	996
Marketable alternatives	157,830	-	-	157,830
Investments in private equity funds	72,178	-	-	72,178
Securities on loan to borrowers	64,399	37,941	26,458	-
Mortgage loans and notes receivable	8,248	-	-	8,248
Real estate, properties and funds	63,737	-	-	63,737
Mineral rights and royalties	127,696	-	-	127,696
Liability for collateral held for securities on loan	(66,011)	-	(66,011)	-
	$1,719,404	$861,827	$426,703	$430,874

(Dollars in thousands unless otherwise noted)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table presents roll forward information for the year ended December 31, 2016 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	Beginning balance	Purchases and additions	Sales and distributions	Total realized and unrealized gains/(losses)	Ending balance
Equity securities	$ 189	$ 40	$ -	$ (22)	$ 207
Bonds	996	-	(883)	(63)	50
Marketable alternatives	157,830	15,672	(35,672)	1,788	139,618
Investments in private equity funds	72,178	13,232	(9,975)	66	75,501
Mortgage loans and notes receivable	8,248	8	(6,404)	158	2,010
Real estate, properties and funds	63,737	25,794	(6,051)	5,330	88,810
Mineral rights and royalties	127,696	-	-	(23,058)	104,638
	$430,874	$54,746	$(58,985)	$ (15,801)	$410,834

The following table presents roll forward information for the year ended December 31, 2015 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	Beginning balance	Purchases and additions	Sales and distributions	Total realized and unrealized gains/(losses)	Ending balance
Equity securities	$ 189	$ -	$ -	$ -	$ 189
Bonds	1,565	310	(872)	(7)	996
Marketable alternatives	145,486	30,203	(17,703)	(156)	157,830
Investments in private equity funds	60,390	13,719	(8,968)	7,037	72,178
Mortgage loans and notes receivable	14,633	13	(6,557)	159	8,248
Real estate, properties and funds	57,441	9,854	(7,126)	3,568	63,737
Mineral rights and royalties	283,479	-	-	(155,783)	127,696
	$563,183	$54,099	$(41,226)	$(145,182)	$430,874

The unrealized gain for level 3 investments was $124,377 and $137,532 at December 31, 2016 and 2015, which is included in the consolidated statements of operations and distributable income as net unrealized gains on investments.

NOTE H - SUBSEQUENT EVENTS

HighGround has evaluated subsequent events through May 3, 2017, the date the financial statements were available to be issued. HighGround is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

Funds Administered by HighGround Advisors

SCHEDULES OF CONSOLIDATED ASSETS

December 31,
(Dollars in thousands unless otherwise noted)

	2016		2015	
	Percent	Amount	Percent	Amount
Cash and cash equivalents	6.34%	$ 113,247	6.32%	$ 117,022
Cash equivalents held as collateral for securities on loan	3.69	65,933	3.57	66,011
Equity securities	41.61	742,929	40.26	745,497
Bonds	19.31	344,845	19.59	362,797
Marketable Alternatives	7.82	139,618	8.53	157,830
Investments in private equity funds	4.23	75,501	3.90	72,178
Accrued interest, dividends and royalties	0.25	4,487	0.29	5,428
Securities on loan to borrowers	3.60	64,260	3.48	64,399
Receivable from sale of securities	2.09	37,260	3.17	58,654
Mortgage loans and notes receivable	0.12	2,010	0.45	8,248
Real estate, properties and funds	4.97	88,810	3.44	63,737
Mineral rights and royalties	5.86	104,638	6.90	127,696
Other	0.11	1,937	0.10	1,819
	100.00%	$1,785,475	100.00%	$1,851,316

Funds Administered by HighGround Advisors

SCHEDULES OF CONSOLIDATED ADMINISTRATIVE EXPENSES

Year ended December 31,
(Dollars in thousands unless otherwise noted)

	2016	2015
Salaries	$4,791	$4,697
Retirement benefits	461	448
Medical and dental insurance	487	468
Life insurance	43	26
Disability insurance	25	25
Parking and transit	67	59
Payroll taxes	307	302
Rent	417	422
Depreciation	144	127
Insurance	145	136
Information systems	173	172
Software maintenance	308	297
Office expense	85	91
Audit	58	27
Legal and other professional fees	285	205
Professional dues and law library	61	69
Travel	27	28
Telephone	24	27
Staff training and development	96	50
Business development and public relations	57	44
Marketing and advertising	94	7
Conferences, events and sponsorships	141	49
Marketing and creative consultants	302	402
Bank fees	25	24
Tax return software fees	42	38
Oil and gas processing fees	67	57
Directors expense	41	43
Other	10	59
Total administrative expenses	$8,783	$8,399

Funds Administered by HighGround Advisors

CONSOLIDATING BALANCE SHEETS BY FUND
December 31, 2016
(Dollars in thousands unless otherwise noted)

	Large Cap Fund	Small Cap Fund	Mid Cap Fund	Equity Index Fund	Developed Markets Fund	Emerging Markets Fund	Bond Fund	Global Bond Fund	Marketable Alternatives Fund	Real Estate Fund	Private Equity Fund	Energy Fund	Low Duration Fund	Enhanced Cash Fund	Securities outside Common Funds	Fund of Funds	Balance December 31, 2016
ASSETS																	
Cash and cash equivalents	$ 4,878	$ 2,450	$ 3	$ 337	$ 4,507	$ 656	$ 18,900	$ 121	$ 154	$ 1,492	$ 2,173	$ 292	$ 908	$65,399	$ 6,512	$ 4,465	$ 113,247
Cash equivalents held as collateral for securities on loan	15,541	18,763	-	-	8,024	-	23,605	-	-	-	-	-	-	-	-	-	65,933
Equity securities, at market value	139,555	35,444	25,933	171,399	275,369	89,038	-	-	-	-	-	-	-	-	6,191	-	742,929
Bonds, at market value	-	-	-	-	-	-	200,151	69,487	-	-	-	-	72,912	-	2,295	-	344,845
Marketable alternatives	-	-	-	-	-	-	-	-	139,618	-	-	-	-	-	-	-	139,618
Investments in private equity funds	-	-	-	-	-	-	-	-	-	-	50,911	24,590	-	-	-	-	75,501
Accrued interest, dividends, and royalties	249	56	-	271	663	-	1,252	37	-	-	-	-	326	24	1,609	-	4,487
Securities on loan to borrowers	15,209	18,282	-	-	7,696	-	23,073	-	-	-	-	-	-	-	-	-	64,260
Receivable from sale of securities	260	15	-	-	232	-	36,753	-	-	-	-	-	-	-	-	-	37,260
Mortgage loans and notes receivable (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,010	-	2,010
Real estate (net)	-	-	-	-	-	-	-	-	-	81,164	-	-	-	-	7,646	-	88,810
Mineral rights and royalties (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,638	-	104,638
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,937	-	1,937
TOTAL ASSETS	$175,692	$75,010	$25,936	$172,007	$296,491	$ 89,694	$303,734	$69,645	$ 139,772	$82,656	$53,084	$24,882	$74,146	$65,423	$132,838	$ 4,465	$1,785,475
LIABILITIES																	
Accrued liabilities	$ 319	$ 149	$ -	$ 11	$ 481	$ 19	$ 206	$ 16	$ 30	$ 89	$ 16	$ 6	$ 36	$ 3	$ 482	$ 20	$ 1,883
Liability for collateral held for securities on loan	15,541	18,763	-	-	8,024	-	23,605	-	-	-	-	-	-	-	-	-	65,933
Payable for purchase of securities	-	96	-	-	449	-	79,110	-	-	-	-	-	-	-	-	-	79,655
TOTAL LIABILITIES	15,860	19,008	-	11	8,954	19	102,921	16	30	89	16	6	36	3	482	20	147,471
FUNDS ADMINISTERED																	
Institutional and annuity and life income funds	139,508	47,382	24,003	160,787	283,997	89,703	198,783	68,536	126,661	81,532	48,466	24,915	74,515	65,420	23,616	4,445	1,462,269
Unrealized net gain (loss) on investments	20,324	8,620	1,933	11,209	3,540	(28)	2,030	1,093	13,081	1,035	4,602	(39)	(405)	-	108,740	-	175,735
TOTAL FUNDS ADMINISTERED	159,832	56,002	25,936	171,996	287,537	89,675	200,813	69,629	139,742	82,567	53,068	24,876	74,110	65,420	132,356	4,445	1,638,004
TOTAL LIABILITIES AND FUNDS ADMINISTERED	$175,692	$75,010	$25,936	$172,007	$296,491	$ 89,694	$303,734	$69,645	$139,772	$82,656	$53,084	$24,882	$74,146	$65,423	$132,838	$ 4,465	$1,785,475
Number of Units in Fund	1,525,658.290	495,955.976	261,765.540	274,951.546	2,993,822.699	831,774.384	1,655,640.776	681,263.822	1,337,757.479	651,859.651	420,185.342	208,561.309					
Market Value per Share	$104.76	$112.92	$99.08	$625.55	$96.04	$107.81	$121.29	$102.21	$104.46	$137.97	$126.30	$129.18					

Interfund transactions have been eliminated from the respective balance sheets.
Low Duration Fund and Enhanced Cash Fund are maintained at a $1.00 market value per share.

Funds Administered by HighGround Advisors

CONSOLIDATING BALANCE SHEETS BY FUND
December 31, 2015
(Dollars in thousands unless otherwise noted)

	* Large Cap Fund	Small Cap Fund	Equity Index Fund	Developed Markets Fund	Emerging Markets Fund	Group Bond Fund	Global Bond Fund	Marketable Alternatives Fund	* Real Estate Fund	Private Equity Fund	* Energy Fund	* Low Duration Fund	* Enhanced Cash Fund	Securities outside Common Funds	* Fund of Funds	Balance December 31, 2015
ASSETS																
Cash and cash equivalents	$ 13,874	$ 879	$ 66	$ 5,989	$ 634	$ 12,711	$ 107	$ 113	$ 945	$ 2,725	$ 300	$ 384	$65,574	$ 10,126	$2,595	$ 117,022
Cash equivalents held as collateral for securities on loan	15,902	15,892	-	7,170	-	27,047	-	-	-	-	-	-	-	-	-	66,011
Equity securities, at market value	276,566	25,777	44,720	302,296	89,735	-	-	-	-	-	-	-	-	6,403	-	745,497
Bonds, at market value	-	-	-	-	-	212,605	66,443	-	-	-	-	81,287	-	2,462	-	362,797
Marketable alternatives	-	-	-	-	-	-	-	157,830	-	-	-	-	-	-	-	157,830
Investments in private equity funds	-	-	-	-	-	-	-	-	-	50,168	22,010	-	-	-	-	72,178
Accrued interest, dividends, and royalties	293	67	75	802	-	1,665	48	-	-	1	-	423	13	2,040	1	5,428
Securities on loan to borrowers	15,554	15,479	-	6,907	-	26,459	-	-	-	-	-	-	-	-	-	64,399
Receivable from sale of securities	782	53	-	128	-	57,691	-	-	-	-	-	-	-	-	-	58,654
Mortgage loans and notes receivable (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	8,248	-	8,248
Real estate (net)	-	-	-	-	-	-	-	-	55,678	-	-	-	-	8,059	-	63,737
Mineral rights and royalties (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	127,696	-	127,696
Other assets	-	-	-	-	-	-	-	-	-	2	-	-	-	1,817	-	1,819
TOTAL ASSETS	$322,971	$58,147	$44,861	$323,292	$ 90,369	$338,178	$66,598	$157,943	$56,623	$52,896	$22,310	$82,094	$65,587	$166,851	$2,596	$1,851,316
LIABILITIES																
Accrued liabilities	$ 444	$ 88	$ 7	$ 397	$ (6)	$ 145	$ 9	$ -	$ 77	$ 3	$ 3	$ 31	$ 2	$ 684	$ 5	$ 1,889
Payable for purchase of securities	1,691	58	-	124	-	101,829	-	-	-	-	-	-	-	-	-	103,702
Liability for collateral held for securities on loan	15,902	15,892	-	7,170	-	27,047	-	-	-	-	-	-	-	-	-	66,011
TOTAL LIABILITIES	18,037	16,038	7	7,691	(6)	129,021	9	-	77	3	3	31	2	684	5	171,602
FUNDS ADMINISTERED																
Institutional and annuity and life income funds	265,720	38,481	40,772	310,685	101,544	212,943	68,553	153,689	59,146	47,839	17,662	82,339	65,585	34,993	2,591	1,502,542
Unrealized net gain (loss) on investments	39,214	3,628	4,082	4,916	(11,169)	(3,786)	(1,964)	4,254	(2,600)	5,054	4,645	(276)	-	131,174	-	177,172
TOTAL FUNDS ADMINISTERED	304,934	42,109	44,854	315,601	90,375	209,157	66,589	157,943	56,546	52,893	22,307	82,063	65,585	166,167	2,591	1,679,714
TOTAL LIABILITIES AND FUNDS ADMINISTERED	$322,971	$58,147	$44,861	$323,292	$ 90,369	$338,178	$66,598	$157,943	$56,623	$52,896	$22,310	$82,094	$65,587	$166,851	$2,596	$1,851,316
Number of Units in Fund	3,530,164.435	440,986.656	78,238.493	3,216,075.069	933,872.155	1,749,836.069	681,000.000	1,531,916.522	493,908.922	448,907.119	163,926.841					
Market Value per Share	$97.54	$95.49	$573.29	$98.13	$96.77	$119.53	$97.78	$103.10	$128.42	$117.83	$154.15					

*As of December 31, 2015, Large Cap Fund owned 68,688.069 shares of Equity Index Fund with a market value of approximately $39.4 million.
Interfund transactions have been eliminated from the respective balance sheets.
Low Duration Fund and Enhanced Cash Fund are maintained at a $1.00 market value per share.