

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Funds Administered by HighGround Advisors

December 31, 2018 and 2017

Funds Administered by HighGround Advisors

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2018 and 2017, 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.

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, 2018 and 2017, 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.



Dallas, Texas
April 25, 2019

Funds Administered by HighGround Advisors

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollars in thousands unless otherwise noted)

ASSETS	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 124,630	\$ 129,952
Cash equivalents held as collateral for securities on loan	13,784	-
Equity securities (cost, \$758,922 and \$744,982 in 2018 and 2017)	738,835	918,441
Bonds (cost, \$407,798 and \$425,212 in 2018 and 2017)	407,985	436,015
Marketable alternatives (cost, \$107,473 in 2018 and 2017)	129,919	135,573
Investments in private equity funds (cost, \$74,240 and \$70,098 in 2018 and 2017)	74,021	71,934
Accrued interest, dividends and royalties	7,550	6,033
Securities on loan to borrowers	13,457	-
Receivable from sale of securities	22,722	93,145
Real estate, properties and funds (cost, \$101,986 and \$92,552 in 2018 and 2017)	112,286	98,060
Mineral rights and royalties (cost, \$4,925 and \$2,003 in 2018 and 2017)	252,500	152,737
Other	<u>7,518</u>	<u>7,722</u>
Total assets	<u>\$1,905,207</u>	<u>\$2,049,612</u>
LIABILITIES AND FUNDS ADMINISTERED		
Liabilities		
Accrued liabilities	\$ 7,078	\$ 6,697
Payable for purchases of securities	62,720	148,317
Liability for collateral held for securities on loan	<u>13,784</u>	<u>-</u>
Total liabilities	83,582	155,014
Funds administered		
Institutional funds	1,477,733	1,467,111
Annuity and life income trust funds	83,286	86,642
Net unrealized gains on investments	<u>260,606</u>	<u>340,845</u>
Total funds administered	<u>1,821,625</u>	<u>1,894,598</u>
Total liabilities and funds administered	<u>\$1,905,207</u>	<u>\$2,049,612</u>

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)

	<u>2018</u>	<u>2017</u>
Revenues		
Dividends	\$ 17,115	\$ 16,666
Interest		
Cash and cash equivalents	1,889	894
Bonds	9,847	9,208
Mortgage loans and notes receivable	32	89
Oil and gas income	57,934	36,397
Other income	<u>4,298</u>	<u>4,217</u>
Total revenues	91,115	67,471
Expenses		
Administrative expenses	9,672	9,071
Other operating expenses	<u>8,509</u>	<u>8,271</u>
Total expenses	<u>18,181</u>	<u>17,342</u>
Excess of revenues over expenses	72,934	50,129
Net realized gains on investments	76,382	94,416
Net unrealized (losses) gains on investments	<u>(80,239)</u>	<u>165,110</u>
Net income	<u>\$ 69,077</u>	<u>\$309,655</u>

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)

	2018	2017
Funds administered at beginning of year	\$1,894,598	\$1,638,004
Additions		
Contributions by individuals and estates to HighGround for the benefit of various client institutions	19,995	28,322
Contributions from client institutions	71,023	67,835
Excess of revenues over expenses	72,934	50,129
Other additions	968	1,782
Net realized gains on investments	76,382	94,416
Net unrealized (losses) gains on investments	(80,239)	165,110
	161,063	407,594
Reductions		
Capital remitted to client institutions, beneficiaries and others	128,186	61,933
Income remitted to client institutions, beneficiaries and others	105,850	89,067
	234,036	151,000
Change in funds administered	(72,973)	256,594
Funds administered at end of year	\$1,821,625	\$1,894,598

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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, 2018 and 2017, approximately \$1.1 billion of institutionally controlled assets were being administered at the direction of the client institutions.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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, 2018 and 2017, the Trust Company administered on behalf of HighGround 770 and 786 charitable split-interest accounts with a total approximate market value of \$146.4 million and \$166.9 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 \$73.1 million and \$77.4 million on December 31, 2018 and 2017, respectively.

Included in the consolidated balance sheets is the Trust Company's corporate assets of approximately \$3.1 million and \$3.0 million as of December 31, 2018 and 2017, 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. HighGround held approximately \$0.2 and \$0.1 million in excess of federally insured limits as of December 31, 2018 and 2017, respectively. HighGround also held approximately \$124.0 million and \$129.6 million in money market funds of December 31, 2018 and 2017, respectively. Interest on cash and cash equivalents is recognized as earned. The carrying amount approximates fair value because of the short maturity of those instruments.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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 as defined by Section 509 of the IRC because it is an organization described in Section 509(a)(1) and Section 170(b)(1)(A)(vi). 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, 2018 or 2017. 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 federal and state income tax statutes remain open for HighGround for the previous 3 and 4 year period, respectively. However, the statute remains open for all years for state returns not filed.

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.

On December 22, 2017, tax reform legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the “Act”) was passed resulting in significant modifications to existing tax law. While there were no material effects on HighGround’s financial statements as a result of the Act, management is evaluating the ongoing impact of the Act on HighGround.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

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.

New Accounting Pronouncements

HighGround early adopted the provisions of ASU 2016-02, "*Leases (Topic 842)*" effective fiscal year ending December 31, 2017. HighGround has a right-of-use asset of \$2.8 and \$3.0 million included in other on the accompanying consolidated balance sheets and a lease liability of \$4.8 and \$4.7 million included in accrued liabilities on the accompanying consolidated balance sheets for its building lease as of December 31, 2018 and 2017, respectively.

Accounting Standards to be Adopted in Future Periods

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date* ("ASU 2015-14"), which defers the effective date of this guidance by one year, to the annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. A reporting entity may choose to early adopt the guidance as of the original effective date. In April 2016, the FASB issued ASU 2016-10, *Revenues from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* ("ASU 2016-10"), which clarifies the guidance related to identifying performance obligations and licensing implementation. Early adoption is permitted. HighGround does not deem the potential impact of above ASUs to have a material impact on its consolidated financial statements.

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.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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 \$829 and \$232 at December 31, 2018 and 2017, 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 \$41.9 million and \$22.7 million as of December 31, 2018 and 2017, 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 \$3.2 million and \$3.5 million remains unfunded as of December 31, 2018 and 2017, respectively. The net asset value of HighGround's investment in this fund is \$25.4 million and \$31.0 million as of December 31, 2018 and 2017, respectively. As of December 31, 2018, HighGround has received cumulative disbursements of \$58.7 million which includes a return of capital of \$23.6 million.

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.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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 \$6.6 million as of December 31, 2018 and 2017.

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 \$105.7 million and \$91.5 million as of December 31, 2018 and 2017, respectively. Unfunded commitments for investment in real estate funds were \$7.7 million and \$14.3 million as of December 31, 2018 and 2017, 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, 2018 and 2017, respectively. The net asset value of HighGround's investment in this fund is \$13.3 million and \$12.9 million as of December 31, 2018 and 2017, 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, 2018 and 2017, respectively based on current industry methodology, recent market transactions, and HighGround's extensive experience in mineral properties.

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.

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS

Realized gains and losses on derivative instruments are included with net realized gains 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):

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Equity Futures		
S&P 500 Mini Futures		
Net Exposure	\$1,879	\$1,204
Expiration	March 2019	March 2018
Number of Contracts	15	9
Realized gain for year ended	<u>\$ 29</u>	<u>\$ -</u>
Fixed Income Futures		
US Treasury Futures		
Net Exposure	\$51,377	\$23,718
Expiration	March 2019	March 2018
Number of Contracts	469	200
Canada Bond Futures		
Net Exposure	\$1,202	\$1,614
Expiration	March 2019	March 2018
Number of Contracts	12	15
Euro Bond Futures		
Net Exposure	\$(2,486)	\$(4,538)
Expiration	March 2019	March 2018
Number of Contracts	(14)	(25)
Eurodollar Futures		
Net Exposure	\$(132)	\$(64,189)
Expiration	June 2019 to December 2020	March 2018 to December 2019
Number of Contracts	-	(264)
Realized gain (loss) for year ended	<u>\$ 731</u>	<u>\$(243)</u>

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, 2018 and 2017.

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Foreign Currency Forward Exchange Contracts

At December 31, 2018 and 2017, 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:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Foreign Currency Forward Exchange Contracts		
Payable Market Value	\$ (968)	\$ (7,687)
Receivable Market Value	1,223	7,603
Payable Unrealized Loss	(20)	(104)
Receivable Unrealized Gain	46	20
Expiration	January 2019 to March 2019	November 2017 to March 2018
Realized (loss) gain for year ended	\$ <u>(357)</u>	\$ <u>65</u>
Foreign Currency Spot Options		
Net Exposure	\$ -	\$ (1,100)
Market Value	-	(25)
Unrealized Loss	-	(8)
Expiration	-	June 2018
Number of Contracts	-	2
Realized gain for year ended	\$ <u>55</u>	\$ <u>22</u>

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS - Continued

Options

HighGround holds the following options:

Options on Fixed Income Futures

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Options on US Treasury Futures		
Market Value	\$ -	\$ -
Unrealized Gain	-	-
Expiration	-	-
Number of Contracts	-	-
Realized gain for year ended	<u>\$ 12</u>	<u>\$ 96</u>
Options on Other Fixed Income Securities		
Net Exposure	\$(500)	\$(500)
Market Value	-	-
Unrealized Gain	5	5
Expiration	October 2020	October 2020
Number of Contracts	1	1
Realized gain for year ended	<u>\$ -</u>	<u>\$ 7</u>
Options on Eurodollar Futures		
Net Exposure	\$ -	\$178,000
Market Value	-	23
Unrealized Gain	-	23
Expiration	-	March 2018
Number of Contracts	-	178
Realized gain (loss) for year ended	<u>\$ 44</u>	<u>\$ (21)</u>
Options on Swaps		
Options on Swaps		
Net Notional Amount	\$ 3,600	\$ 8,200
Market Value	(193)	(103)
Unrealized Loss	(139)	(103)
Expiration	January 2019 to July 2021	March 2018 to November 2019
Number of Contracts	22	16
Realized gain for year ended	<u>\$ 20</u>	<u>\$ 90</u>

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE D - DERIVATIVE INSTRUMENTS – Continued

Swap Contracts

HighGround holds the following contracts:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Interest Rate Swaps - Short-Term		
Net Notional Amount	\$ 1,300	\$ -
Market Value	9	-
Unrealized Gain	19	-
Expiration	December 2019	-
Interest Rate Swaps - Long-Term		
Net Notional Amount	\$ 25,897	\$(53,499)
Market Value	801	437
Unrealized (Loss) Gain	(460)	377
Expiration	June 2020 to December 2048	September 2019 to December 2047
Credit Default Swaps - Short-Term		
Net Notional Amount	\$ (700)	\$ -
Market Value	1	-
Unrealized Loss	(3)	-
Expiration	June 2019	-
Credit Default Swaps - Long-Term		
Net Notional Amount	\$ (1,400)	\$ (1,600)
Market Value	(44)	(16)
Unrealized Loss	(8)	(4)
Expiration	December 2020 to January 2047	June 2019 to January 2047
Realized gain for year ended	<u>\$ 970</u>	<u>\$ 547</u>

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

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 accounts 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, 2018, securities on loan were approximately \$13.5 million. Collateral held for securities on loan was approximately \$13.8 million at December 31, 2018. At December 31, 2017, securities on loan and collateral held for securities on loan were \$0.

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, 2018 and 2017.

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

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(Dollars in thousands unless otherwise noted)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

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.

Highground implemented the provisions of FASB ASU 2015-07, “*Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*.” Under this standard, investments for which fair value is measured at NAV per share (or its equivalent using the practical expedient) are removed from the fair value hierarchy. The requirements of this update are reflected in the tables below with 2017 amounts reclassified to conform to the current year presentation.

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, 2018.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Cash and cash equivalents	\$ 124,630	\$ 123,248	\$ 1,382	\$ -	\$ -
Cash equivalents held as collateral for securities on loan	13,784	-	13,784	-	-
Equity securities	738,835	550,790	-	210	187,835
Bonds	407,985	3,032	322,669	127	82,157
Marketable alternatives	129,919	-	-	-	129,919
Investments in private equity funds	74,021	-	-	-	74,021
Securities on loan to borrowers	13,457	-	13,457	-	-
Real estate, properties and funds	112,286	-	-	6,624	105,662
Mineral rights and royalties	252,500	-	-	252,500	-
Liability for collateral held for securities on loan	<u>(13,784)</u>	<u>-</u>	<u>(13,784)</u>	<u>-</u>	<u>-</u>
	<u>\$1,853,633</u>	<u>\$677,070</u>	<u>\$337,508</u>	<u>\$259,461</u>	<u>\$579,594</u>

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(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, 2017.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Cash and cash equivalents	\$ 129,952	\$124,824	\$ 5,128	\$ -	\$ -
Equity securities	918,441	752,727	-	211	165,503
Bonds	436,015	2,233	340,209	50	93,523
Marketable alternatives	135,573	-	-	-	135,573
Investments in private equity funds	71,934	-	-	-	71,934
Real estate, properties and funds	98,060	-	-	6,635	91,425
Mineral rights and royalties	<u>152,737</u>	<u>-</u>	<u>-</u>	<u>152,737</u>	<u>-</u>
	<u>\$1,942,712</u>	<u>\$879,784</u>	<u>\$345,337</u>	<u>\$159,633</u>	<u>\$557,958</u>

The following table presents roll forward information for the year ended December 31, 2018 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	<u>Beginning balance</u>	<u>Purchases and additions</u>	<u>Sales and distributions</u>	<u>Total realized and unrealized gains/(losses)</u>	<u>Ending balance</u>
Equity securities	\$ 211	\$ -	\$ -	\$ (1)	\$ 210
Bonds	50	76	-	1	127
Real estate, properties and funds	6,635	3,610	(3,884)	263	6,624
Mineral rights and royalties	<u>152,737</u>	<u>3,000</u>	<u>-</u>	<u>96,763</u>	<u>252,500</u>
	<u>\$159,633</u>	<u>\$6,686</u>	<u>\$(3,884)</u>	<u>\$97,026</u>	<u>\$259,461</u>

Funds Administered by HighGround Advisors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017
(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, 2017 about assets measured at fair value on a recurring basis that have been measured using significant unobservable inputs (level 3).

	<u>Beginning balance</u>	<u>Purchases and additions</u>	<u>Sales and distributions</u>	<u>Total realized and unrealized gains/(losses)</u>	<u>Ending balance</u>
Equity securities	\$ 207	\$ -	\$ -	\$ 4	\$ 211
Bonds	50	-	-	-	50
Real estate, properties and funds	7,646	357	(1,593)	225	6,635
Mineral rights and royalties	<u>104,638</u>	<u>-</u>	<u>-</u>	<u>48,099</u>	<u>152,737</u>
	<u>\$112,541</u>	<u>\$ 357</u>	<u>\$ (1,593)</u>	<u>\$ 48,328</u>	<u>\$159,633</u>

The unrealized gain for level 3 investments was \$250,246 and \$153,117 at December 31, 2018 and 2017, 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 April 25, 2019, 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)

	2018		2017	
	Percent	Amount	Percent	Amount
Cash and cash equivalents	6.54%	\$ 124,630	6.34%	\$ 129,952
Cash equivalents held as collateral for securities on loan	0.72	13,784	-	-
Equity securities	38.78	738,835	44.81	918,441
Bonds	21.41	407,985	21.27	436,015
Marketable alternatives	6.82	129,919	6.62	135,573
Investments in private equity funds	3.89	74,021	3.51	71,934
Accrued interest, dividends and royalties	0.40	7,550	0.29	6,033
Securities on loan to borrowers	0.71	13,457	-	-
Receivable from sale of securities	1.19	22,722	4.55	93,145
Real estate, properties and funds	5.89	112,286	4.78	98,060
Mineral rights and royalties	13.25	252,500	7.45	152,737
Other	<u>0.40</u>	<u>7,518</u>	<u>0.38</u>	<u>7,722</u>
	<u>100.00%</u>	<u>\$1,905,207</u>	<u>100.00%</u>	<u>\$2,049,612</u>

Funds Administered by HighGround Advisors

SCHEDULES OF CONSOLIDATED ADMINISTRATIVE EXPENSES

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

	<u>2018</u>	<u>2017</u>
Salaries	\$5,372	\$5,079
Retirement benefits	476	474
Medical and dental insurance	534	524
Life insurance	26	27
Disability insurance	35	26
Parking and transit	67	71
Payroll taxes	350	338
Rent	532	477
Depreciation	310	191
Insurance	154	146
Information systems	184	170
Software maintenance	343	343
Office expense	87	172
Audit and examination fees	71	65
Legal and other professional fees	283	219
Professional dues and law library	73	72
Travel	40	21
Telephone	26	24
Staff training and development	102	62
Business development and public relations	56	55
Marketing and advertising	113	131
Conferences, consultants and sponsorships	189	176
Bank fees	42	31
Tax return software fees	44	43
Oil and gas processing fees	85	83
Directors expense	41	36
Other	<u>37</u>	<u>15</u>
Total administrative expenses	<u>\$9,672</u>	<u>\$9,071</u>

Funds Administered by HighGround Advisors

CONSOLIDATING BALANCE SHEETS BY FUND
December 31, 2018

(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, 2018
ASSETS																	
Cash and cash equivalents	\$ 5,156	\$ 1,210	\$ 46	\$ 1,797	\$ 3,141	\$ 1,062	\$ 19,862	\$ 242	\$ 93	\$ 2,080	\$ 2,436	\$ 558	\$ 288	\$ 68,602	\$ 6,238	\$11,819	\$ 124,630
Cash equivalents held as collateral for securities on loan	4,366	4,459	-	2,763	2,196	-	-	-	-	-	-	-	-	-	-	-	13,784
Equity securities, at market value	154,804	37,226	11,227	170,648	267,453	90,910	-	-	-	-	-	-	-	-	6,567	-	738,835
Bonds, at market value	-	-	-	-	-	-	244,095	79,988	-	-	-	-	81,170	-	2,732	-	407,985
Marketable alternatives	-	-	-	-	-	-	-	-	129,919	-	-	-	-	-	-	-	129,919
Investments in private equity funds	-	-	-	-	-	-	-	-	-	-	52,633	21,388	-	-	-	-	74,021
Accrued interest, dividends, and royalties	254	57	24	179	1,785	2	1,530	62	1	3	3	1	500	130	3,001	18	7,550
Securities on loan to borrowers	4,295	4,378	-	2,717	2,067	-	-	-	-	-	-	-	-	-	-	-	13,457
Receivable from sale of securities	-	-	-	86	-	-	22,636	-	-	-	-	-	-	-	-	-	22,722
Real estate (net)	-	-	-	-	-	-	-	-	-	102,267	-	-	-	-	10,019	-	112,286
Mineral rights and royalties (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	252,500	-	252,500
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,518	-	7,518
TOTAL ASSETS	\$168,875	\$47,330	\$11,297	\$178,190	\$276,642	\$91,974	\$288,123	\$80,292	\$130,013	\$104,350	\$55,072	\$21,947	\$81,958	\$68,732	\$288,575	\$11,837	\$1,905,207
LIABILITIES																	
Accrued liabilities	\$ 296	\$ 146	\$ 4	\$ 29	\$ 488	\$ 38	\$ 136	\$ 68	\$ 28	\$ 236	\$ 105	\$ 22	\$ 34	\$ 6	\$ 5,371	\$ 71	\$ 7,078
Liability for collateral held for securities on loan	4,366	4,459	-	2,763	2,196	-	-	-	-	-	-	-	-	-	-	-	13,784
Payable for purchase of securities	239	9	-	117	-	-	62,355	-	-	-	-	-	-	-	-	-	62,720
TOTAL LIABILITIES	4,901	4,614	4	2,909	2,684	38	62,491	68	28	236	105	22	34	6	5,371	71	83,582
FUNDS ADMINISTERED																	
Institutional and annuity and life income funds	158,335	44,565	12,470	181,717	298,870	83,945	227,360	77,888	107,538	97,686	50,018	27,093	82,523	68,730	30,515	11,766	1,561,019
Unrealized net gain (loss) on investments	5,639	(1,849)	(1,177)	(6,436)	(24,912)	7,991	(1,728)	2,336	22,447	6,428	4,949	(5,168)	(599)	(4)	252,689	-	260,606
TOTAL FUNDS ADMINISTERED	163,974	42,716	11,293	175,281	273,958	91,936	225,632	80,224	129,985	104,114	54,967	21,925	81,924	68,726	283,204	11,766	1,821,625
TOTAL LIABILITIES AND FUNDS ADMINISTERED	\$168,875	\$47,330	\$11,297	\$178,190	\$276,642	\$91,974	\$288,123	\$80,292	\$130,013	\$104,350	\$55,072	\$21,947	\$81,958	\$68,732	\$288,575	\$11,837	\$1,905,207
Number of Units in Fund	1,737,827.426	496,509.155	142,479.311	300,137.687	3,212,593.638	788,268.066	1,885,192.848	765,612.210	1,219,161.343	732,432.045	298,918.044	189,703.297					
Market Value per Share	\$94.36	\$86.03	\$79.26	\$584.01	\$85.28	\$116.63	\$119.69	\$104.78	\$106.62	\$152.65	\$183.88	\$131.17					

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, 2017

(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, 2017
ASSETS																	
Cash and cash equivalents	\$ 6,011	\$ 1,756	\$ 29	\$ 1,149	\$ 4,323	\$ 406	\$ 14,041	\$ (246)	\$ 102	\$ 248	\$ 2,417	\$ 363	\$ 4,261	\$75,096	\$ 4,329	\$15,667	\$ 129,952
Cash equivalents held as collateral for securities on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity securities, at market value	203,085	52,756	26,265	182,440	334,399	113,236	-	-	-	-	-	-	-	-	6,260	-	918,441
Bonds, at market value	-	-	-	-	-	-	268,294	90,070	-	-	-	-	75,977	-	1,674	-	436,015
Marketable alternatives	-	-	-	-	-	-	-	-	135,573	-	-	-	-	-	-	-	135,573
Investments in private equity funds	-	-	-	-	-	-	-	-	-	-	48,914	23,020	-	-	-	-	71,934
Accrued interest, dividends, and royalties	209	43	35	164	1,069	-	1,484	48	-	2	1	-	423	75	2,471	9	6,033
Securities on loan to borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from sale of securities	46	-	-	-	1,168	-	91,931	-	-	-	-	-	-	-	-	-	93,145
Real estate (net)	-	-	-	-	-	-	-	-	-	88,152	-	-	-	-	-	-	98,060
Mineral rights and royalties (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152,737	-	152,737
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,722	-	7,722
TOTAL ASSETS	\$209,351	\$54,555	\$26,329	\$183,753	\$340,959	\$113,642	\$375,750	\$89,872	\$135,675	\$88,402	\$51,332	\$23,383	\$80,661	\$75,171	\$185,101	\$15,676	\$2,049,612
LIABILITIES																	
Accrued liabilities	\$ 360	\$ 159	\$ 10	\$ 29	\$ 428	\$ 41	\$ 172	\$ 64	\$ 13	\$ 116	\$ 14	\$ 14	\$ 45	\$ 6	\$ 5,202	\$ 24	\$ 6,697
Liability for collateral held for securities on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable for purchase of securities	58	5	-	-	376	-	147,878	-	-	-	-	-	-	-	-	-	148,317
TOTAL LIABILITIES	418	164	10	29	804	41	148,050	64	13	116	14	14	45	6	5,202	24	155,014
FUNDS ADMINISTERED																	
Institutional and annuity and life income funds	168,803	43,528	25,347	177,347	285,191	85,092	222,972	83,617	107,561	86,265	46,990	25,861	81,118	75,170	23,239	15,652	1,553,753
Unrealized net gain (loss) on investments	40,130	10,863	972	6,377	54,964	28,509	4,728	6,191	28,101	2,021	4,328	(2,492)	(502)	(5)	156,660	-	340,845
TOTAL FUNDS ADMINISTERED	208,933	54,391	26,319	183,724	340,155	113,601	227,700	89,808	135,662	88,286	51,318	23,369	80,616	75,165	179,899	15,652	1,894,598
TOTAL LIABILITIES AND FUNDS ADMINISTERED	\$209,351	\$54,555	\$26,329	\$183,753	\$340,959	\$113,642	\$375,750	\$89,872	\$135,675	\$88,402	\$51,332	\$23,383	\$80,661	\$75,171	\$185,101	\$15,676	\$2,049,612
Number of Units in Fund	1,764,724.142	464,527.643	271,101.017	294,677.725	3,003,463.534	795,921.893	1,850,438.071	819,695.342	1,216,100.250	667,331.561	338,812.957	196,293.875					
Market Value per Share	\$118.39	\$117.09	\$97.08	\$623.47	\$113.25	\$142.73	\$123.05	\$109.56	\$111.56	\$143.97	\$151.46	\$130.57					

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.