



BENEFIT TRUST COMPANY

SERVICE ORGANIZATION CONTROL (SOC) 1 TYPE II REPORT

FOR

TRUST OPERATIONS SERVICES

INDEPENDENT SERVICE AUDITORS' REPORT
ON THE DESCRIPTION OF A SERVICE ORGANIZATION'S SYSTEM AND THE
SUITABILITY OF THE DESIGN AND OPERATING EFFECTIVENESS OF CONTROLS

JANUARY 1, 2015 TO DECEMBER 31, 2015



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SECTION 1

Independent Service Auditors' Report



INDEPENDENT SERVICE AUDITORS' REPORT

BENEFIT TRUST COMPANY

Scope

We have examined Benefit Trust Company's ("BTC") description of its trust operations services throughout the period January 1, 2015 to December 31, 2015, and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description. The description indicates that certain complementary user entity controls contemplated in the design of BTC's controls are suitably designed and operating effectively, along with related BTC controls. We have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

BTC uses several service organizations for various operational activities including pricing services, trust accounting system, electronic trade transmission, and technology outsourcing. The description on pages 5 – 18 includes only the controls and related control objectives of BTC and excludes the control objectives and related controls of the service organizations listed on page 16. Our examination did not extend to controls of the subservice organizations listed on page 16.

Service organization's responsibilities

On pages 3 and 4 of the description, BTC has provided an assertion about the fairness of the presentation of the description and suitability of the design of the controls to achieve the related control objectives stated in the description. BTC is responsible for preparing the description and for its assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

Service auditors' responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period from January 1, 2015 to December 31, 2015.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description of the system and the suitability of the design and the operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described on pages 3 and 4. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

Opinion

In our opinion, in all material respects, based on the criteria described in BTC's assertion on pages 3 and 4,

- a) The description fairly presents the trust operations services that were designed and implemented throughout the period January 1, 2015 to December 31, 2015.
- b) The controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period January 1, 2015 to December 31, 2015, and user entities applied the complementary user entity controls contemplated in the design of BTC's controls throughout the period January 1, 2015 to December 31, 2015.
- c) The controls tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period January 1, 2015 to December 31, 2015.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed on pages 20 – 37.

Restricted use

This report, including the description of tests of controls and results thereof on pages 20 – 37 is intended solely for the information and use of BTC, user entities of BTC's trust operations services during some or all of the period January 1, 2015 to December 31, 2015, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

February 24, 2016
Kansas City, Missouri



SECTION 2

Management's Assertion



MANAGEMENT'S ASSERTION

Benefit Trust Company Management Assertion

We have prepared the description of Benefit Trust Company's trust operations services (also referred to as "the System") for user entities of the System during some or all of the period January 1, 2015 to December 31, 2015, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the System themselves, when assessing the risks of material misstatements of user entities' financial statements. We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the trust operations services made available to user entities of the System during some or all of the period January 1, 2015 to December 31, 2015 for processing their transactions. The criteria we used in making this assertion were that the description:
 - i. Presents how the system made available to user entities of the System was designed and implemented to process relevant transactions, including:
 - 1) The classes of transactions processed;
 - 2) The procedures, within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports presented to user entities of the System;
 - 3) The related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports presented to user entities of the System;
 - 4) How the System captures and addresses significant events and conditions, other than transactions;
 - 5) The process used to prepare reports or other information provided to user entities of the System;
 - 6) Specified control objectives and controls designed to achieve those objectives; and
 - 7) Other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the System.
 - ii. Does not omit or distort information relevant to the scope of the data hosting services, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the System and the independent auditors of those user entities, and may not, therefore, include every aspect of the data.
 - iii. Trust operations services that each individual user entity of the System and its auditor may consider important in its own particular environment.

- b. The description includes relevant details of changes to the System during the period covered by the description when the description covers a period of time.
- c. The controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period January 1, 2015 to December 31, 2015 to achieve those control objectives. The criteria we used in making this assertion were that:
 - i. The risks that threaten the achievement of the control objectives stated in the description have been identified by management;
 - ii. The controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
 - iii. The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

SECTION 3

Description of the System

SECTION 3 – DESCRIPTION OF THE SYSTEM

BENEFIT TRUST COMPANY

JANUARY 1, 2015 TO DECEMBER 31, 2015

OVERVIEW OF THE COMPANY AND THE SERVICES PROVIDED

Benefit Trust Company is a state chartered trust company formed in 2002 to offer trust (fiduciary), custody, and trust administrative services to sponsors and participants in ERISA qualified and non-qualified plans. BTC provides retail trust services directly to retirement plan sponsors located in regional metropolitan areas from Denver to St. Louis. BTC provides trust, custody, unitization and trade platform services on a national basis through electronic interfaces with banks, insurance companies, recordkeepers, third-party administrators, transfer agents and trust companies. Revenues are earned primarily from the administration of trust, custodial and transactional activities. BTC is subject to the regulations of certain federal and state agencies and undergoes periodic examination by those regulatory authorities.

RELEVANT ASPECTS OF THE CONTROL ENVIRONMENT

Organization and Management

Management's Philosophy and Operating Style

The President is the primary leader of BTC. The organizational structure of BTC facilitates the flow of detailed information utilizing an "open door" communication policy. The President holds an oversight role in the organization and is actively involved in the day-to-day operations of the company.

Employees have daily access to the President of BTC. The President conducts monthly staff meetings at which informal discussion regarding employee feedback and suggestions are encouraged. Through company-wide emails, memoranda, policy updates, and the code of conduct, there is direct communication between employees and the President where conveying of the message that integrity and ethical values cannot be compromised. Management consistently stresses the importance of adhering to established control procedures during work review process and solicits recommendations from employees on how controls might be enhanced.

Management continuously demonstrates, through words and actions, a commitment to high ethical standards. At BTC, each employee is responsible for the consequences of his or her actions. If an employee is unsure of the appropriate action, the employee can take advantage of the President's open door policy and informal environment to raise the concern with management.

Assignment of Authority and Responsibility

The Management team, consisting of the President, executive and senior management, and department managers, has the ultimate responsibility for all activities within the entity, including the internal control system. This also includes assignment of authority and responsibility for operating activities, and establishment of reporting relationships and authorization protocols. When assigning authority and responsibility, management considers the nature of employee positions as well as ensuring that effective segregations of duties are maintained with the aid of documented job descriptions.

Management has given employees the authority to make decisions, based on their knowledge and assigned responsibilities. This has empowered the employees to correct problems and suggest process and management improvements. Each employee understands this responsibility and involves management in their decision-making process on an as-needed basis.

Organizational Structure

BTC is comprised of two departments – the Direct Services Department ("Direct Services") and the Administrative Services Department ("Admin Services"). Direct Services is an operations group that provides trust, custody, unitization and trade platform services to banks, insurance companies, recordkeepers, third-party administrators, transfer agents and trust companies. Admin Services provides retail trust services directly to retirement plan sponsors.

SECTION 3 – DESCRIPTION OF THE SYSTEM

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Direct Services provides operational processing and support to Admin Services. The Admin Services personnel maintain the overall relationship management while Direct Services personnel are responsible for transactional related items.

Each department maintains their own organizational structure and management. The department managers work closely together to ensure a seamless environment to the client.

Direct Services Department

Direct Services supports the accounting and safekeeping requirements for 401(k) and other defined contribution, defined benefit and non-qualified retirement plans. Support provided by Direct Services includes acting as directed trustee, custodian and agent. Direct Services also provides unitized accounting for company stock, stable value funds, collective investment funds, and funds of separately managed portfolios. Other services provided include security execution, settlement and safekeeping, income collection, trust reporting, benefit payments and tax reporting. Direct Services maintains contractual and working relationships with retirement plan recordkeepers, third-party administrators, plan sponsors and other financial institutions.

For the purposes of this report, the term "customer" refers collectively to the plan and its agents, typically retirement plan recordkeepers. Direct Services uses an internally developed Microsoft SQL Server database called the Omnibus Trading Information System ("OTIS") to accumulate trade information relating exclusively to the Direct Services Department. The software is supported by Trust Technology Solutions, LLC ("TTS"). TTS is a related party which supports the software using onsite servers.

In connection with providing services to the Department's customers, Direct Services licenses a trust accounting system provided by a third-party vendor for the investment portfolios of its customers. This accounting system is entitled the SunGard AddVantage ("AddVantage") system, and is developed and licensed by SunGard Asset Management Systems, Inc. ("SunGard"). Direct Services also uses other third-party vendor applications, which are owned by State Street Retiree Services, entitled Plus Web. Plus Web is used for recurring and lump sum benefit payments in addition to payee tax reporting. For portfolio valuations, Direct Services licenses a portfolio accounting system provided by a third-party vendor. The valuation system is entitled the Portfolio Accounting System ("PAS"), and is developed and licensed by State Street Bank and Trust Company.

Organization

Direct Services is organized into units that are dedicated to specific customer relationships and functions. Each unit is comprised of at least two levels of staff and two levels of managers. Staff positions which include Process Analysts, Client Managers and Trust Accountants are responsible for the daily accounting, trading, and processing needs of each customer. Direct Services management performs various reviews and control functions pertinent to accounts within the Direct Services Department. Each team is managed by an Account Manager. The Account Manager's main role is to monitor the activities of the staff and compliance with established Direct Services procedures. Officer is the next level of management and is responsible for monitoring that each unit is operating effectively to meet customer expectations as well as the goals of BTC as a whole. Overall department direction is provided by the Direct Services Department's Vice President.

Management Control

Management of Direct Services is responsible for directing and controlling operations and for establishing, communicating, and monitoring control policies and procedures. Importance is placed on maintaining sound internal controls and the integrity and ethical values of departmental personnel. Organizational values and behavioral standards are communicated to personnel through policy statements and formal codes of conduct.

Direct Services is committed to maintaining effective internal controls designed to ensure the protection of both proprietary information and customer assets, as well as the accurate and efficient measurement and reporting of investment activity. The Direct Services Department's structure is designed to provide an appropriate segregation of duties that supports the safeguarding and authorization of transactions.

SECTION 3 – DESCRIPTION OF THE SYSTEM

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Administrative Services Department

Admin Services provides services for defined benefit, 401(k) and other defined contribution, defined benefit, non-qualified retirement plans, Individual Retirement Accounts, and custody accounts for institutional and personal relationships. Admin Services also sponsors collective investment funds and provides trustee and investment services to tax exempt clients under Governmental Accounting Standards Board (GASB) 157. Admin Services support provided includes acting as discretionary or directed trustee, custodian and agent. Other services provided include security settlement and safekeeping, income collection, trust reporting, benefit payments and tax reporting. Admin Services maintains contractual and working relationships with retirement plan recordkeepers, third-party administrators and plan sponsors.

For the purposes of this report, the term "customer" refers collectively to the plan and its agents, typically retirement plan recordkeepers, or an individual client. In connection with providing services to Admin Services' customers, Admin Services licenses a trust accounting system provided by a third-party vendor for the investment portfolios of its customers. Admin Services is supported by Midwest Trust Company (MTC) which also maintains an administrative service agreement with Trust Sourcing Solutions, Inc. (TSS). Through the administrative service agreement TSS provides support for those accounts residing on the SunGard accounting systems. This support includes activities such as trade settlement, income collection, cash and asset reconciliation, and report and statement generation and distribution. Both MTC and TSS are related parties to BTC.

Organization

Admin Services is organized with a structure of relationship managers and client managers that are dedicated to specific customer relationships. Each client is assigned both a relationship manager and a client manager who work together to service the account. The relationship manager is responsible for monitoring the overall relationship between BTC and the client while the client manager is responsible for the day to day operation and activities of the account. Overall department direction is provided by the President.

Management Control

Management of Admin Services is responsible for directing and controlling operations and for establishing, communicating, and monitoring control policies and procedures. Importance is placed on maintaining sound internal controls and the integrity and ethical values of departmental personnel. Organizational values and behavioral standards are communicated to personnel through policy statements and formal codes of conduct.

Admin Services is committed to maintaining effective internal controls designed to ensure the protection of both proprietary information and customer assets, as well as the accurate and efficient measurement and reporting of investment activity. Admin Service's structure is designed to provide segregation of duties that supports the safeguarding and authorization of transactions.

Human Resource Policies and Practices

BTC strives to recruit the best staff available for each position within the company. BTC's Human Resources Department manages the hiring process within the Department to help ensure employees are qualified for their job responsibilities. Each candidate is interviewed by a manager with a final interview conducted by the Vice President or President prior to employment. Each applicant's prior employment, credit history and references are thoroughly checked by human resources personnel. For each position, standards have been established by senior management for education and experience requirements. New employees receive extensive training on day-to-day procedures commensurate with job descriptions as well as being closely supervised during the first months of employment.

BTC strives to hire individuals meeting the technical job requirements as well as fitting the culture of the company. As a result of hiring experienced and knowledgeable personnel, BTC typically experiences low staff turnover which in turn improves client service.

SECTION 3 – DESCRIPTION OF THE SYSTEM

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All employees receive a performance evaluation. Employees are evaluated on objective criteria based on performance and against job standards. These evaluations are used by department managers in tracking employee development as well as in the compensation evaluation process.

Department management personnel include individuals with significant trust, employee benefit, and investment experience, professional certifications, and law and accounting degrees. The Department also employs individuals with industry experience and/or financial accounting backgrounds.

Training

Department personnel receive on-the-job training prior to receiving responsibility for their position. The training consists of modules designed to maintain and improve knowledge of the accounting systems and procedures as well as industry issues. Employees periodically attend industry-sponsored seminars as well as training institutes offering education of targeted financial services critical to servicing customers.

Training is an important part of management's commitment to excellence. Management encourages employees' participation in outside continuing education and holds training sessions in-house to ensure that employees are appropriately performing their duties and keeping abreast of the latest developments that may affect their roles.

Confidentiality

All employees are required to review and execute documentation that they have read BTC's Policy Manual. The Policy Manual provides employees with clear guidelines of the employee's role in protecting client information.

Integrity and Ethics

Management stresses the importance of integrity and ethical values, avoidance of conflicts of interest, and commitment to excellence to employees upon initial hire and through staff meetings, training sessions, and on-the-job coaching. In addition, management constantly monitors and evaluates employee actions, decisions, and the general performance of their assigned duties to reinforce its commitment to integrity and ethical behavior.

Commitment to Competence

Competence should reflect the knowledge and skills required to accomplish tasks that define an individual's job. Through consideration of an entity's objectives and the strategies and plans for achievement of those objectives, management specifies the competence levels required for particular jobs and translates those levels into requisite knowledge and skills. BTC management has analyzed and defined the tasks and knowledge requirements that comprise the positions within the organization. They consider such factors to the extent to which individuals must exercise judgment and the extent of related supervision when making hiring decisions. BTC management communicates this to personnel through the interview process, the establishment of performance goals, training sessions, and through periodic meetings with personnel. Management ensures that competencies are maintained through periodic performance evaluations.

Information and Communication

BTC utilizes various methods of communication to help ensure employees understand their individual roles and company controls, as well as to guarantee significant events are communicated timely. Time sensitive information is communicated verbally and by email to all employees. The President and team managers hold staff meetings as needed. Furthermore, employees receive written position descriptions that clearly define roles, responsibilities, and expectations.

Management ensures and monitors the overall quality, timeliness, and distribution of information-processing through the use of various checklists and established routines.

SECTION 3 – DESCRIPTION OF THE SYSTEM

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DESCRIPTION OF GENERAL COMPUTER CONTROLS

TTS provides outsourced information technology support services to BTC under the direction of a Master Services Agreement. Services included in the Master Services Agreement include core system availability, night stream/batch processing, backup services, recovery services, and help desk support.

TTS is responsible for the hosting, development and maintenance of file servers and software. TTS carries out their responsibilities with counsel from technical areas in BTC's corporate Information Technology community. During this period, the BTC control environment and operational procedures remained unchanged.

DESCRIPTION OF TRANSACTION PROCESSING

Direct Services - Core Group

The Core Group supports the processing of investment transactions and the accounting for the investment portfolios of its customers' employee benefit plans, primarily Internal Revenue Code ("IRC") Section 401(k) plan accounts as well as 401(a) plan accounts. The Core Group uses OTIS, which can be linked with the 401(k) plan or retirement plan recordkeepers' systems, to automatically accumulate and process daily trade activity. The Core Group's customers are typically qualified retirement plans, serviced by recordkeepers, for various companies that require daily trading and daily valuation of assets.

The recordkeepers' systems accumulate and provide trades to the Core Group as directed by their plan participants and investors. The Core Group receives the accumulation of plan participants' trade transactions from its customers and communicates the transactions to the various mutual funds under BTC's name for the benefit of the plan. Each day, the Core Group manually reconciles the daily trade transactions to the related mutual fund's records.

Responsibilities of staff are allocated among Core Group personnel so as to segregate the following functions:

- Setup of New Plans
- Trade Communication
- Cash Receipts and Disbursements
- Cash and Investment Reconciliations
- Reinvestment of Mutual Fund Dividend and Capital Gain Distributions
- Daily Pricing and Mill Rate Information Collection
- Reporting

Setup of New Plans

Upon review and approval of the required trust or custodial agreements, the Core Group accepts the new plan, and thus becomes the directed trustee or custodian of the plan. The accounts are established in the name of the directed trustee/custodian of the plan and will be used to account for the daily transactions of the customer. Access to accounts is limited to authorized BTC personnel.

Upon authorization from the recordkeeper, BTC establishes the new investment option(s) with the related mutual funds. Once established, the investment option is added to the OTIS and Point of Contact ("POC") systems.

Core Group Management reviews that the new plan account information is accurately established by Core Group personnel in the applicable systems. Core Group personnel review the set up for the account in the AddVantage, OTIS and POC systems. An Analyst or Officer then manually activates the account, thus allowing transactions to be posted to the new account.

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Trade Communication

Digital daily trade information is manually uploaded to OTIS by the recordkeeper. Trade information communicated by the recordkeeper represents the total net investment transactions of the participants of the various benefit plans serviced by the recordkeeper, comprised primarily of purchases, reinvestments, redemptions, and exchanges of mutual fund shares. OTIS accumulates, sorts, and validates the trade information to facilitate wire movements and communicates activity to the applicable mutual funds. Trades that are not properly validated (failed trades) are held for processing. The Core Group manually communicates trade activity from OTIS to the related mutual funds via the National Securities Clearing Corporation ("NSCC"), facsimile or phone call.

Trades communicated via the NSCC are submitted using the Defined Contribution Clearance & Settlement ("DCC&S") standard processing guidelines. An acknowledgement file is manually received from the NSCC to verify the receipt of the trade file. Confirmation file(s) is/are received from the NSCC to verify that each trade was placed. Any discrepancies are researched and resolved in a timely manner.

Trades communicated by facsimile are submitted by an authorized individual within the Core Group. Fax confirmations are retained as evidence that the fax was successfully transmitted. Trades communicated by phone call are initiated by an authorized individual within the Core Group, and information provided by the mutual fund shareholder services representative is documented to confirm that the trade was placed with the mutual fund.

A trade file is generated through OTIS to electronically transmit the trade information to AddVantage where it is automatically posted to the respective plan's account. Trades that fail to post to AddVantage are identified through an online trade exception report and are investigated and resolved by Core Group personnel in a timely manner.

Investment Advisors can provide fixed allocations that generate trades in fixed percentages. These allocations are automatically fed into OTIS using a master level identifier and the various percentages for each underlying fund. Allocation entries and updates are reviewed to ensure they match the client's instructions. When OTIS receives a trade at the master level, it creates the underlying trades in proportion to the assigned percentages.

Cash Receipts and Disbursements

Customer assets are funded by wire / ACH transfers, check deposits received from the individual plans or a Core Group initiated ACH Debit to the customer's banking account. Upon receipt of the customer's contribution, Core Group personnel record the appropriate posting to AddVantage indicating the type of contribution (source of funds), effective date and amount.

The Core Group may act as a paying agent for the recordkeepers. In this capacity, the Core Group contracts with State Street Retiree Services to issue checks and ACHs and act as the withholding agent for distributions and loans from retirement plan accounts. Wire distributions are manually processed by Core Group personnel. Check, ACH and wire distributions are reviewed for accuracy and approved by a Core Group Officer or Client Manager.

Cash and Investment Reconciliations

The Core Group reconciles the bank accounts used to process wires to the balance of each plan's cash account on AddVantage on a daily basis. Core Group personnel identify, research, and resolve reconciling items timely. Each reconciliation is reviewed and approved daily by Core Group Management or Client Manager.

The mutual fund holdings are reconciled between the mutual fund companies' transfer agent(s) and the accounting records on a daily basis. Core Group personnel identify, research, and resolve reconciling items timely. Each reconciliation is reviewed and approved daily by Core Group Management or Client Manager.

SECTION 3 – DESCRIPTION OF THE SYSTEM

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Reinvestment of Mutual Fund Dividend and Capital Gain Distributions

Differences due to corporate actions (i.e., capital gain and income distributions) are manually identified through the asset reconciliation process. The Core Group obtains the appropriate dividend and capital gain distribution information. The distribution is then posted to the respective plan's account and communicated to the recordkeeper electronically. Each distribution allocation and posting of distribution activity processed manually to the accounting system is reviewed by Core Group Management or Client Manager.

Daily Pricing and Mill Rate Information Collection

Each night, the Core Group automatically receives the confirmed price file containing end-of-day mutual fund net asset values ("NAVs") and mill rate, information from the NSCC and from related transfer agencies. The file is automatically loaded into OTIS. Daily priced securities that are not included in the NSCC confirmed file are priced manually in OTIS by the Core Group. OTIS then automatically generates a pricing file that is sent to the recordkeeper via electronic transmission.

AddVantage receives mutual fund prices from the NSCC on a daily basis to enable the valuation of participant plans.

Reporting

The Core Group prepares periodic and annual statements at the account and master account levels, if applicable. The statements are generated by AddVantage. Prior to being printed, AddVantage automatically verifies that the accounting statements are in balance. An Analyst must resolve any out-of-balance conditions before the statement for the affected account can be produced. These statements summarize the total investment activity in each plan and are required to be certified annually by the trustee or custodian to be complete and accurate pursuant to United States Department of Labor regulation 29 CFR 2520.103-5(c) or 29 CFR 2520.103-5(b).

Financial data provided through the annual statements includes 5% reportable transaction schedules and is used by the employers/plan sponsors/recordkeepers/third-party administrators in preparation of the IRS Form 5500 annual filing. This form is filed by the employer with the Department of Labor and/or the Internal Revenue Service.

Direct Services - Unitized Group

The Unitized Group supports the processing of investment transactions and the accounting for BTC sponsored Collective Investment Trusts (CITs) and investment portfolios of its customers' employee benefit plans, primarily Internal Revenue Code ("IRC") Section 401(k) plan accounts as well as 401(a) plan accounts. The Unitized Group's customers are typically qualified retirement plans, serviced by recordkeepers, for various companies that require daily trading and daily valuation of assets.

The recordkeepers' systems accumulate and provide trades to the Unitized Group as directed by their plan participants and investors. The Unitized Group receives the accumulation of plan participants' trade transactions from its customers and processes the activity to the trust system and completes additional tasks as required.

Responsibilities of staff are allocated among Unitized Group personnel so as to segregate the following functions:

- Daily Pricing
- Trade Communication and Settlement
- Participant Activity
- Transfer Agent
- Cash and Investment Reconciliations
- Dividend and Corporate Action Processing
- Liquidity Management
- Reporting

SECTION 3 – DESCRIPTION OF THE SYSTEM

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Daily Pricing

Each day, the Unitized Group manually obtains close prices from various pricing sources. The Trust Accountant reviews any security that has no volume to a second source to obtain a valid price. The Trust Accountant will review price fluctuations greater than 5% from prior day to a second source. If it is found the second source does not agree with the original price received, a third source will be consulted. The price that agrees to two sources will be used in the NAV calculation.

Once the NAVs have been calculated and reviewed, they are distributed to the recordkeepers and any other pertinent party as directed by the client.

Trade Communication and Settlement

Daily trade information is received via various methods. Managed account trade activity is received via fax, email, or secure FTP. Stable value and commingled funds automatically trade based upon participant activity. Employer stock funds follow liquidity calculations.

For securities that settle through Depository Trust Company (“DTC”), the Trust Accountants receive, on a daily basis, a Pending Trade Report and a Failed Trade Report from the custody area. The Trust Accountant confirms that all trades listed on the Pending Trade Report are posted to the Portfolio Accounting System (“PAS”). If trades are failing, the Trust Accountant will work with the custody area to ensure accurate settlement instructions have been received.

Participant Activity

Participant activity is received by various methods. Information is received via file, fax, e-mail or VisualFast and the information is either entered manually or formatted into a file by Trust Accountants which is then systematically uploaded into the PAS. The transactions posted to PAS are verified using a daily report which is agreed back to the original source document.

If BTC is the named custodian for the portfolio, net subscriptions will be received into the demand deposit account (“DDA”) from the recordkeeper. The Trust Accountant will request funds to be wired to the recordkeeper for any net redemption.

Transfer Agent

BTC uses the VisualFast software to act as a transfer agent for the collective investment trusts. The software tracks participant accounts, trades, balances and dividends. It can interact with NSCC to receive trade files and create FundSERV, Networking and Price files used by the clients or their intermediaries.

Cash and Investment Reconciliations

For those portfolios for which BTC is the named custodian, daily cash reconciliation is completed. The Trust Accountant resolves reconciling items and Unitized Group Management performs a daily review of the reconciliation.

Mutual fund and collective fund positions are reconciled daily. Monthly asset reconciliations are completed for all other assets for which BTC is the named custodian. The Trust Accountant resolves reconciling items and Unitized Group Management performs a review of the reconciliation.

Dividend and Corporate Action Processing

Equity dividend information posts automatically to PAS from a Standard & Poor’s (“S&P”) feed on the ex-dividend date. Mutual fund dividends are tracked internally using prior year information and current year dividend letters from mutual fund companies (if available). A staff member will verify the rate received to a second source (if available). The income posting is verified by a member of Unitized Group Management, cash or shares are received on payment date and the accrual is relieved.

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Corporate action information is obtained daily by a staff member using the sub-custodian's corporate action facility. If a corporate action occurs, the staff member will process accordingly and the results are reviewed by a member of Unitized Group Management.

Liquidity Management

BTC will, upon instruction, manage the liquidity for employer stock portfolios. The Trust Accountant will take into account any daily participant activity, income received and expense payments - to compile the net cash movement into or out of the fund. The daily activity is netted with the opening portfolio cash balance. If this sum is outside the preset tolerance given for the acceptable level of liquidity in the fund, a stock trade will be executed.

The Trust Accountant contacts the broker chosen by the client to purchase / sell shares of common stock. The broker confirms receipt of the instructions. The Trust Accountant ensures the trade settles on settlement date and the money posts to the DDA thus bringing liquidity back in line for the fund.

Reporting

The Unitized Group prepares periodic reports at the portfolio level and class level. The reports are generated by PAS. These reports summarize the total investment activity in each portfolio.

Administrative Services Department

Admin Services provides services for defined benefit, 401 (k) and other defined contribution, defined benefit, non-qualified retirement plans, Individual Retirement Accounts, and custody accounts for institutional and personal relationships. Admin Services' professional services include acting as discretionary or directed trustee, custodian and agent. Other supporting services provided include security settlement and safekeeping, income collection, trust reporting, benefit payments and tax reporting. Admin Services also sponsors collective investment funds and provides trustee and investment services to tax exempt clients under GASB 157. Admin Services maintains contractual and working relationships with retirement plan record keepers, third - party administrators and plan sponsors.

Responsibilities of staff are allocated among Admin Services personnel so as to segregate the following functions:

- Setup of New Plans
- Trade Communication and Processing
- Cash Receipts and Disbursements
- Cash and Investment Reconciliations
- Daily Pricing Activity
- Collective Investment Fund Activity
- Reporting

Setup of New Plans

Upon review and approval of the required trust or custodial agreements, Admin Services accepts the new plan in the capacity agreed upon with the customer, and in accordance with the governing document for the relationship, the new accounts are established on the appropriate trust accounting system(s). Access to accounts is limited to authorized Admin Services personnel. If BTC has investment responsibility a portfolio manager is appointed and investment guidelines are agreed upon with the customer. If BTC does not have investment responsibility, arrangements are made to receive investment instructions from the customer or the appointed investment advisor for the account. Customer reporting and fee collection information is also loaded into the trust accounting system used for the account by Client Managers.

All new accounts are reviewed and approved by the Trust Committee.

The relationship and/or client managers review the new account information to insure that the account is accurately established in the applicable systems.

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Trade Communication and Processing

For daily valued plans, trade information communicated by the record keeper represents the total net investment transactions of the participants of the various benefit plans serviced by the record keeper, comprised primarily of purchases, reinvestments, redemptions, and exchanges of mutual fund shares. Customers may enter security trades directly to the accounting system electronically, provide written instructions, or provide verbal instructions by phone to the designated trading desk. Investment advisors may communicate trades using the same methods or electronically through DTC. Other trades may be communicated to the trading desk that places the actual trade via a broker, bond dealer, by phone where possible mutual fund trades are processed through NSCC.

Trades communicated via the NSCC are submitted using the Defined Contribution Clearance & Settlement ("DCC&S") standard processing guidelines.

Trades communicated by facsimile are submitted by an authorized individual within Admin Services. Fax confirmations are retained as evidence that the fax was successfully transmitted. Trades communicated by phone call are initiated by the trading desk.

Cash Receipts and Disbursements

Customer deposits are funded by wire / ACH transfers, check deposits received from the individual plans or an Admin Services initiated ACH Debit to the customer's banking account. Upon receipt of the customer's contribution, Admin Services personnel record the appropriate posting to the trust accounting system indicating the type of contribution (source of funds), effective date and amount.

Distributions are initiated by customers or a plan record keeper in written form. The distribution information is entered into the recordkeeping system by Admin Services personnel. The wire transfer, ACH transfer, or check is generated after the transaction is released within the trust accounting system by TSS personnel. Any required withholding from plan distributions is segregated and deposited with the appropriate tax withholding depository within the time constraints specified by the respective governmental entity.

Cash and Investment Reconciliations

TSS reconciles the bank account used to process cash transactions to the trust accounting system on a daily basis. Admin Services personnel identify, research, and resolve reconciling items, and Admin Services Management performs a daily review of the reconciliation.

Admin Services personnel review daily activity, un-invested cash balances, and any overdrafts and initiate any corrective action necessary.

Asset holdings are reconciled by TSS personnel daily and at month end and any discrepancies reported to Admin Services personnel for research and/or corrective action. A complete audit of all non-depository eligible securities is performed annually.

For those accounts residing on the Direct Services data base in the SunGard AddVantage System the Direct Services staff provides reconciliation services similar to those provided by TSS.

Daily Pricing Activity

The trust accounting systems are updated daily by Client Managers with end-of-day security prices and mutual fund NAVs and customer holdings are updated accordingly.

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Collective Investment Fund Activity

BTC sponsors, maintains, and is the Trustee of several Collective Investment Funds created under a Declaration of Trust. The funds are used solely for the investment of qualified retirement plan assets. Each fund is valued on each day that the New York Stock Exchange is open for business. Outside investment advisors are hired to provide investment advice for the funds in accordance with the investment policy statement for each fund. BTC provides ongoing oversight and monitoring of each advisor. The Direct Services – Unitized Group is responsible for the daily valuation of the funds.

Audited financial statements are prepared for each fund annually, and the financial statements, or a notice of their availability is then sent to each participating retirement plan or to the plan recordkeeper for distribution. BTC files IRS Form 5500 as a Direct Filing Entity for each Collective Investment Fund that BTC sponsors under the Declaration of Trust.

Reporting

Admin Services prepares interim monthly or quarterly and annual statements for each client at the sub account and master account levels. The reports are generated by the respective accounting systems. Prior to being printed, the accounting systems automatically verify that the accounting statements are in balance. Any out-of-balance conditions must be resolved before the trust statements for the affected account can be produced. For qualified retirement plans under ERISA these statements summarize the total investment activity in each plan and are required to be certified annually by the trustee/custodian to be complete and accurate pursuant to United States Department of Labor regulation 29 CFR 2520.103-5(c) or 29 CFR 2520.103-5(b).

Financial data provided through the annual trust reports includes 5% reportable transaction schedules. Qualified retirement plans under ERISA are required to file IRS Form 5500 annually with the Department of Labor. Statement information is used by the employers/plan sponsors in the preparation of each plan's Form 5500.

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SUBSERVICE ORGANIZATIONS

The use of subservice organizations is designed to achieve operating efficiency and obtain specific market expertise. BTC periodically reviews subservice organizations' service levels for quality and content.

BTC's principal subservice organizations are described below:

AddVantage – BTC licenses the AddVantage trust accounting system provided by SunGard.

Plus Web – Plus Web is used for the production of recurring retirement payments. This system is fully administered by State Street Retiree Services including hardware, user control and source code control. Plus Web is used to maintain lump sum payments and tax reporting. Plus Web is developed by and licensed from State Street Retiree Services, located in Boston, MA. State Street Retiree Services produces and mails all disbursement checks and the Form 1099R for individual payees.

National Securities Clearing Corporation (NSCC) – The NSCC is a subsidiary of The Depository Trust & Clearing Corporation and is used as a mechanism to transmit trading activity electronically and a single daily net settlement for mutual fund family transactions. Additionally, the NSCC provides comprehensive distribution of daily mutual fund prices.

Point of Contact (POC) – BTC transmits certain mutual fund trade instructions through the NSCC. The prescribed NSCC file format is generated through use of POC.

Trust Technology Solutions, LLC (TTS) – Trust Technology Solutions, a related party, is a technology outsourcing company that is responsible for providing BTC with all technology processing including core systems, night stream batch processing, backup and recovery services and helpdesk support.

Trust Sourcing Solutions, LLC (TSS) – Trust Sourcing Solutions, a related party, is a trust operations outsourcing company that is responsible for providing BTC with wholesale trust services including asset reconciliation.

Midwest Trust Company (MTC) – MTC provides general operational support to the Administrative Services Department of BTC. MTC also maintains an administrative service agreement with Trust Sourcing Solutions (TSS). Through the agreement, TSS also provides operational support to the Administrative Services Department of BTC.

Portfolio Accounting System (PAS) – BTC licenses the PAS portfolio valuation system provided by State Street Bank and Trust Company.

VisualFast – BTC licenses the VisualFast transfer agency system provided by Transfer Solutions, Inc.

My State Street – My State Street is the on-line interface with State Street Bank and Trust Company for sub-custodial services. Security and cash transactions and balances are viewed through this system. Reporting and query capabilities also exist with this product.

Northern Passport – Northern Passport is the on-line interface with Northern Trust for sub-custodial services. Security and cash transactions and balances are viewed through this system. Reporting and query capabilities also exist with this product.

The control objectives and related control activities for the subservice providers are omitted from the description of the control environment elements. The control objectives in the report include only objectives that BTC's control activities are intended to achieve.

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COMPLEMENTARY USER ENTITY CONTROLS

Processing of transactions for users performed by BTC and the control policies and procedures of BTC clients covers only a portion of the overall internal control structure of each user. It is not feasible for the control objectives to be solely achieved by BTC. Therefore, each BTC user's internal control structure must be evaluated in conjunction with BTC's control policies and procedures summarized in the report.

BTC's applications were designed with the assumption that certain controls would be implemented by the user organizations. In certain situations, the application of specific controls at the user organizations is necessary to achieve certain control objectives included in this report. In such instances, the required user-organization controls are identified under the related control objective in the related control objective and control activities matrix.

This section highlights those internal control responsibilities that BTC believes should be present for each user organization and has considered each in developing their control policies and procedures described in this report. The Control Objectives, Related Controls, and Complementary User Entity Controls presented in this report are intended to address only those policies and procedures surrounding the interface and communication between each user and BTC. Accordingly, this is not a complete listing of the control policies and procedures that provide a basis for the assertions underlying the financial statements or accounts. This report does not represent a comprehensive set of all controls that should be employed by user organizations. Other controls may be required at user organizations.

The following list describes certain procedures that customers should consider in order to fully achieve the control objectives identified in this report. For the purposes of this report, the term "customer" refers collectively to the individual trust holder, or the plan and its agents, typically retirement plan recordkeepers. The customer control considerations presented below should not be regarded as a comprehensive list of all controls that should be employed by customers. Other control objectives and control activities may be defined by the users and must be achieved solely by the user.

Complementary User Entity Controls	
1.	Customers should maintain effective controls to monitor that all trade instructions submitted to BTC in an electronic and/or manual format are appropriately authorized.
2.	Customers should maintain controls to ensure instructions and information provided to BTC are in accordance with the provisions of the servicing agreement, trust agreement or other applicable governing agreements or documents in effect between BTC and the customer.
3.	Customers should compare their periodic statement and/or other acknowledgements received from BTC to their original instructions to verify instructions are processed; the Department should be notified of any discrepancies on a timely basis.
4.	Customers should maintain controls to ensure authorized instructions are provided to BTC using data transmission delivery methods, in accordance with BTC security standards. Instructions and information provided to BTC using methods not in accordance with BTC security standards may be less secure.
5.	In accordance with customer agreements, BTC may receive trades for current day processing after the close of the New York Stock Exchange. Customers are responsible for maintaining effective controls to ensure that trades received prior to and after the mutual fund pricing time are appropriately distinguished and processed.
6.	Customers should maintain controls to ensure updated records of investments held by plan participants are maintained and communicate related activity to BTC in an accurate and timely manner.
7.	Customers should maintain controls to ensure all necessary information to enable BTC to create the new account(s) and transfer assets to BTC during new plan conversions is accurate and complete.
8.	Customers should maintain controls to complete and provide to BTC a New Plan Setup Sheet prior to new plan conversions.
9.	Customers should maintain controls to perform a timely review of the accuracy of account balances and related activity reporting provided by BTC; timely written notice of discrepancies should be provided to BTC.

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Complementary User Entity Controls	
10.	Customers should maintain controls to communicate responses for voluntary corporate actions to BTC on a timely basis and maintain effective controls to monitor that all responses are appropriately authorized.
11.	Customers should maintain controls to communicate timely written notification of changes to individuals authorized to instruct BTC on a customer's behalf.
12.	Customers should maintain controls to communicate timely notification of terminated or transferred employees with logical access to BTC's computer systems that requires removal or modification.
13.	Customers requiring the processing of lump sum disbursements should review, for complete, accurate, and valid processing, the disbursement information contained on their statement. Timely notification of discrepancies should be provided to BTC.
14.	Customers requiring 1099R tax processing are responsible for determining the proper amount of taxes to be withheld from payments made for participant withdrawals.
15.	Customers requiring 1099R tax processing should communicate any changes relating to lump sum or recurring payments to BTC on a timely basis.
16.	Customers requesting ACH debit capabilities should complete the required setup and authorization documentation.
17.	Customers should maintain controls to notify BTC in writing of accounting policies and changes thereto.
18.	If any plan assets are not held by BTC, customers should maintain controls to provide BTC with all custodian related information necessary to perform the bank reconciliation process.

SECTION 4

Information Provided by the Independent Service Auditor

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PURPOSE AND OBJECTIVES OF INDEPENDENT SERVICE AUDITORS' DESCRIPTION OF TESTS OF CONTROLS AND RESULTS

This report is intended to provide sufficient information about BTC's controls that may affect the processing of user organizations' transactions and also to provide users with information about the operating effectiveness of the controls that were tested. This report, when combined with an understanding and assessment of the internal controls at user organizations, is intended to assist the user auditor in (1) planning the audit of the user's financial statements and in (2) assessing control risk for assertions in the user's financial statements that may be affected by controls at BTC.

The description of controls and control objectives are the responsibility of BTC's management. Our responsibility is to express an opinion about whether:

- 1) The description fairly presents the trust operations services that was designed and implemented throughout the period January 1, 2015 to December 31, 2015.
- 2) The controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period January 1, 2015 to December 31, 2015; and user entities applied the complementary user entity controls contemplated in the design of BTC's controls throughout the period January 1, 2015 to December 31, 2015.
- 3) The controls tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved and operated effectively throughout the period January 1, 2015 to December 31, 2015.

TESTS OF OPERATING EFFECTIVENESS

Our tests of effectiveness of the controls included such tests as we considered necessary in the circumstances to evaluate whether those controls, and the extent of compliance with them, was sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period from January 1, 2015 to December 31, 2015. Our tests of the operating effectiveness of controls were designed to cover a representative number of transactions throughout the period of January 1, 2015 to December 31, 2015, for each of the controls listed in Section III, which are designed to achieve the specific control objectives. In selecting particular tests of the operating effectiveness of controls, we considered (a) the nature of the items being tested, (b) the types of available evidential matter, (c) the nature of the audit objectives to be achieved, (d) the assessed level of control risk and, (e) the expected efficiency and effectiveness of the test.

Test	Description
Corroborative Inquiry	Made inquiries of appropriate personnel responsible for the performance of the control activity and corroborated responses with management.
Observation	Observed the application of a specific control activity.
Inspection	Inspected documents and reports indicating the performance of the control activity.

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CONTROL OBJECTIVES AND RELATED CONTROL ACTIVITIES

Control Objective #1: Account Setup

Controls provide reasonable assurance that new accounts are authorized and setup in accordance with the governing documents.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
1.01	<u>Admin / Core:</u> Required legal documents are received to establish a new account.	<u>Inquiry</u> Corroboratively inquired with key personnel regarding the process for setting up a new account. <u>Inspection</u> Inspected a selection of new account files for the existence of necessary legal documentation.	No exceptions noted. No exceptions noted.
1.02	<u>Admin / Core / Unitized:</u> New trust accounts established at BTC are approved at the monthly Trust Committee meeting.	<u>Inquiry</u> Corroboratively inquired with key personnel regarding the process for the approval of new trust accounts. <u>Inspection</u> Inspected the Trust Committee minutes for evidence of approval by the committee for a selection of new accounts.	No exceptions noted. No exceptions noted.
1.03	<u>Admin / Core:</u> New trust accounts are setup in the trust system in accordance with trust documentation. Account templates in the trust system are utilized for consistency and accuracy.	<u>Inquiry</u> Corroboratively inquired with key personnel regarding the process of using templates to setup new accounts in the trust system. <u>Inspection</u> Inspected a selection of new account files for the existence of an account synopsis and compared the synopsis to the actual trust document for accuracy.	No exceptions noted. No exceptions noted.

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Control Objective #2: Cash Receipts

Controls provide reasonable assurance that contributions and loan repayments are processed in an accurate and timely manner.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
2.01	<u>Admin / Core:</u> Deposits are manually entered into the trust accounting systems.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for processing deposits. <u>Observation:</u> Observed the process of entering deposits.	No exceptions noted. No exceptions noted.
2.02	<u>Admin / Core:</u> Deposit activity is examined on-screen by Client Managers on a daily basis to ensure accurate and timely processing.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the distribution of reports. <u>Observation:</u> Observed the Client Managers review daily deposit activity on-screen.	No exceptions noted. No exceptions noted.

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Control Objective #3: Security Transaction Processing

Controls provide reasonable assurance that investment purchases and sales are authorized, settled, and are processed in a complete, accurate, and timely manner.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
3.01	<p><u>Core:</u> Security transactions are sent via a secure data transmission and are uploaded to the Local Area Network ("LAN").</p> <p>An acknowledgement file is received from the NSCC to verify the receipt of the trade file. Confirmation files(s) are received from the NSCC to verify that each trade was placed. Any discrepancies are researched and resolved in a timely manner.</p>	<p><u>Inquiry:</u> Inquired of management regarding the means of secure transmission of incoming trade files.</p> <p><u>Inquiry:</u> Inquired of management regarding controls over the monitoring of vendor and customer transmissions.</p> <p><u>Observation:</u> Observed BTC personnel passporting security transactions into the trust system.</p> <p><u>Inspection:</u> Inspected a selection of acknowledgement files received from NSCC to verify receipt of trade file.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
3.02	<p><u>Unitized:</u> Liquidity stock trades are made by Trust Accountants to bring a client’s pre-determined cash buffer back within tolerance. Cash buffer money market trade requests are submitted to the respective fund company, subsequently booked to the trust accounting system, and reviewed by management.</p> <p>Stock trades are booked (T+1) to the accounting system and the transaction is reviewed by management for accuracy.</p> <p>All other trades (mutual funds, stocks, ETFs, bonds, etc.) are recorded to the accounting system no later than one day of receipt by BTC. The Trust Accountant either loads a trade file into PAS or will post the trades manually. Trades are reviewed by management. Failed trades are researched and resolved in a timely manner.</p>	<p><u>Inquiry:</u> Inquired of management regarding the verification and approval of money market trades.</p> <p><u>Observation:</u> Observed BTC personnel monitoring the liquidity parameters established by a given portfolio.</p> <p><u>Inspection:</u> Inspected a selection of trades to realign with customer liquidity parameters. Verified Management approval for completeness and accuracy, and verified Management review that transaction was accurately and timely posted in unitized portfolio.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #4: Reconciliation

Controls provide reasonable assurance that security holdings and cash balances are accurately, completely, and timely recorded.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
4.01	<p><u>Core:</u> Security position ("asset") reconciliations are completed by Department personnel on a daily basis with the exception of managed accounts which are reconciled monthly. Reconciling items are identified, researched and resolved. The reconciliations are reviewed for completeness and accuracy and approved by Department Management.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for accurate and timely completion of daily asset reconciliations and subsequent review.</p> <p><u>Observation:</u> Observed the procedures for performance of asset reconciliation and management review for completeness and accuracy.</p> <p><u>Inspection:</u> Inspected a selection of daily asset reconciliations for evidence of timely and accurate preparation, resolution of identified out-of-balance positions, and management review for completeness and accuracy.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
4.02	<p><u>Unitized:</u> Security position ("asset") reconciliations are completed by Department personnel on a monthly basis. Reconciling items are identified, researched and resolved. The reconciliations are reviewed for completeness and accuracy and approved by Department Management.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for accurate and timely completion of monthly asset reconciliations and subsequent review.</p> <p><u>Observation:</u> Observed the procedures for performance of asset reconciliation and management review for completeness and accuracy.</p> <p><u>Inspection:</u> Inspected a selection of monthly asset reconciliations for evidence of timely and accurate preparation, resolution of identified out-of-balance positions, and management review for completeness and accuracy.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
4.03	<p><u>Core / Unitized:</u> DDA operating bank accounts are reconciled by Department personnel on a daily basis. Reconciling items are identified, researched and resolved. The reconciliations are reviewed for completeness and accuracy and approved by Department Management.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for accurate and timely completion of operating bank account reconciliations and subsequent review.</p> <p><u>Observation:</u> Observed the procedures for performance of cash balance reconciliations and management review for completeness and accuracy.</p> <p><u>Inspection:</u> Inspected a selection of daily bank account reconciliations for evidence of timely and accurate preparation, resolution of identified out-of-balance positions, and management review for completeness and accuracy.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #5: Corporate Actions

Controls provide reasonable assurance that corporate actions and related settlements are identified and processed completely, accurately, and timely.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
5.01	<u>Core / Unitized:</u> Corporate actions (i.e., capital gain and income distribution) are identified and processed timely. The postings are reviewed for completeness and accuracy and approved by Department Management.	<u>Inspection:</u> Inspected a selection of corporate actions for timely processing and evidence of management review for completeness and accuracy.	No exceptions noted.

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Control Objective #6: Security Valuation

Controls provide reasonable assurance that securities are valued completely, timely, and in accordance with the internal standards.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
6.01	<p><u>Core:</u> Security prices and rates are received via data interface from an external pricing vendor and automatically interface with OTIS on a daily basis.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for identifying missing prices and significant price variances.</p> <p><u>Observation:</u> Observed that any price not received defaults to a zero price and will display on an online view of missing prices.</p> <p><u>Inspection:</u> Inspected a selection of daily security prices received for evidence of timely and complete interface with OTIS.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.02	<p><u>Core:</u> A pricing review checklist and supporting documentation is prepared for all manually priced securities and Department personnel perform a review of pricing packet for completion.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for review of pricing packets.</p> <p><u>Inspection:</u> Inspected a selection of mutual funds/holdings pricing review packets for evidence of timely preparation and management review for completion.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
6.03	<p><u>Unitized:</u> The trust accounting system receives mutual fund, equity and bond prices. A report of priced securities is generated daily in the trust accounting system and reviewed by the Trust Accountant for any prices that are stale (the same as the previous day) or missing. The Trust Accountant will research these prices to determine the accurate price and make appropriate adjustments to the accounting system. If a price is not received for a CIT holding, BTC's fair valuation procedures are implemented to determine a price. The corrected price is supported by attaching documentation and then reviewed for accuracy by either the Senior Accountant or the Account Manager. Reports are reviewed for completeness by Department Management on a daily basis.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for identifying stale or missing prices.</p> <p><u>Observation:</u> Observed the process for monitoring stale or missing prices for security holdings.</p> <p><u>Inspection:</u> Inspected a selection of daily security prices received for evidence of timely interface with OTIS and subsequent review by the Trust Accountant and Senior Accountant for completeness.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
6.04	<p><u>Unitized:</u> A report of price changes by 5% or more, based on the previous day's price, is generated daily in the trust accounting system and reviewed by a manager. Any stock price that changes by 5% or more is confirmed to a second pricing source for accuracy.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures of monitoring and resolving price changes over tolerance.</p> <p><u>Inspection:</u> Inspected a selection of security holdings price change packets for evidence of timely preparation and management review for completion.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #7: Net Asset Value

Controls provide reasonable assurance that net asset values are calculated accurately and timely.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
7.01	<p>The daily NAV calculation is computed twice at the end of the day after the markets have closed. The NAV is systematically calculated the first time and reflected on the valuation reports. This information is compared against a second calculation reflected on the NAV rollforward. The staff compares the two reports, researches and resolves discrepancies and submits for Management approval.</p>	<p><u>Inquiry:</u> Inquired of management regarding controls over the calculation of NAV.</p> <p><u>Inspection:</u> Inspected a selection of NAV valuation and rollforward reports for accuracy, timeliness, and evidence of management review.</p> <p><u>Observation:</u> Observed BTC personnel performing the nightly pricing process.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #8: Disbursements

Controls provide reasonable assurance that cash and investment disbursement transactions are recorded completely, accurately and timely.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
8.01	<p><u>Admin / Core:</u> The participant paperwork, where required, is reviewed for compliance with ERISA rules and regulations.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the technical review process for participant paperwork.</p> <p><u>Inspection:</u> Inspected a selection of disbursements for evidence of proper authorization from the plan sponsor or other authorizing party.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
8.02	<p><u>Admin / Core:</u> Plan distributions from Employee Benefit accounts are reviewed for authorization by the Plan Sponsor and/or third party recordkeeper.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the technical review process for participant paperwork.</p> <p><u>Inspection:</u> Inspected required documentation for a selection of disbursements for appropriate signatures / authorizations.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
8.03	<p><u>Admin / Core:</u> All disbursements are paid in a timely manner in accordance with instructions from the authorized party.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the process of remitting disbursements in a timely manner.</p> <p><u>Inspection:</u> Inspected a selection of disbursements to determine if they were paid/posted in a timely manner.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #9: Statements

Controls provide reasonable assurance that statements are generated for each relationship in a timely and accurate basis.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
9.01	<p><u>Admin / Core:</u> Periodic statements are generated by the trust systems using the system's agenda processing capabilities. Prior to being produced, the trust system automatically verifies that account statements are in balance. Personnel must resolve any out-of-balance conditions before the report for the affected account can be produced.</p>	<p><u>Inquiry</u> Corroboratively inquired with key personnel regarding the process for sending out periodic statements.</p> <p><u>Inspection:</u> Inspected a selection of accounts for existence and accuracy of statement generation frequencies in the trust accounting system. Examined a selection of accounts to ensure the statements were generated.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #10: Fee Calculation and Collection

Controls provide reasonable assurance that fees are authorized and are recorded completely, accurately and timely.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
10.01	<u>Admin / Core / Unitized:</u> Trust service fees are authorized by trust documents and/or fee agreements.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the process of authorizing service fees. <u>Inspection:</u> Inspected a selection of accounts for evidence of authorized approval for periodic service fees.	No exceptions noted. No exceptions noted.
10.02	<u>Admin / Core / Unitized:</u> Fee worksheets / invoices are generated on a periodic basis.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the process of fee worksheets / invoices. <u>Inspection:</u> Inspected the fee worksheets / invoices for a selection of trust accounts.	No exceptions noted. No exceptions noted.
10.03	<u>Admin / Core / Unitized:</u> Trust service fees are deducted from the trust account or billed to the client or offset with revenue sharing proceeds.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the process of billing and collecting clients for trust fees. <u>Inspection:</u> Inspected account statements or billing invoices for a selection of trust fees to verify that the fees were billed correctly.	No exceptions noted. No exceptions noted.

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Control Objective #11: Management and Oversight

Controls provide reasonable assurance that BTC's senior management provides planning, oversight and approval of the organization's activities.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
11.01	<u>Admin / Core / Unitized:</u> The Trust Committee meets monthly to approve and decline fiduciary appointments and monitor fiduciary activities.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the functions of the Trust Committee. <u>Inspection:</u> Inspected a selection of Trust Committee minutes for documentation of approval.	No exceptions noted. No exceptions noted.
11.02	<u>Admin:</u> The Trust Committee meets regularly to ensure that portfolio management policies and strategies are being implemented and maintained. Annual administrative and investment reviews are performed during these activities.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the functions of the Trust Committee. <u>Inspection:</u> Inspected Trust Committee minutes for documentation of annual administrative and investment reviews on a selection of trust accounts.	No exceptions noted. No exceptions noted.
11.03	<u>Admin / Core / Unitized:</u> The Board of Directors functions as the Audit Committee for BTC. The Board reviews external audit findings and regulatory reports to ensure the company is following acceptable procedures in its operations and administration of fiduciary accounts.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the process for oversight and review of external audit and regulatory reports. <u>Inspection:</u> Inspected a selection of Board Minutes for evidence of oversight and review of external audit and regulatory reports.	No exceptions noted. No exceptions noted.
11.04	<u>Admin / Core / Unitized:</u> The Board of Directors established the Trust Review Committee to monitor the required initial reviews for new accounts and the recurring annual reviews. Minutes of all committee meetings are reviewed at the monthly Trust Committee meetings.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the functions of the Trust Review Committee. <u>Inspection:</u> Inspected a selection of Trust Review Committee Minutes for evidence of oversight and review of initial and annual account reviews.	No exceptions noted. No exceptions noted.

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Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
11.05	<p><u>Admin / Core / Unitized:</u> The Board of Directors established the Trust Investment Committee to monitor Collective Investment Trust investment advisors and activities. Minutes of all committee meetings are reviewed at the monthly Trust Committee meetings</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the functions of the Trust Investment Committee.</p> <p><u>Inspection:</u> Inspected a selection of Trust Investment Committee Minutes for evidence of oversight and review of Collective Investment Trust activities and investment advisors.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
11.06	<p><u>Admin / Core / Unitized:</u> A Vendor Management Committee reviews all critical service providers on an annual basis. Requested vendor information is received and reviewed by the committee. If concerns or questions exist, follow up inquiries are made.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the functions of the Vendor Management Committee.</p> <p><u>Inspection:</u> Inspected a selection of Vendor Management Committee Minutes for evidence of oversight and review of vendor information.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #12: Unit Processing

Controls provide reasonable assurance that daily unit activity is processed in an accurate and timely manner.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
12.01	<u>Unitized:</u> Participant activity is posted to the trust accounting system and reviewed by management daily.	<u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for processing participant activity. <u>Observation:</u> Observed the process of posting participant activity.	No exceptions noted. No exceptions noted.

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Control Objective #13: Transfer Agency Processing

Controls provide reasonable assurance that daily participant trades of collective funds are processed in an accurate and timely manner.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
13.01	<p><u>Unitized:</u> Prices are imported and uploaded by Trust Accountants to the NSCC website on a daily basis.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for importing and uploading prices to the NSCC website.</p> <p><u>Observation:</u> Observed Trust Accountants importing and uploading prices to the NSCC website.</p> <p><u>Inspection:</u> Reviewed a selection of client emails requesting the revised allocation.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
13.02	<p>Order files from NSCC website are retrieved, processed and confirmed by Process Analysts on a daily basis.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for retrieving, processing and confirming Order files from the NSCC website.</p> <p><u>Observation:</u> Observed the process of retrieving, processing and confirming Order files from the NSCC website.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
13.03	<p>Networking and FundSERV files are uploaded to NSCC website by Process Analysts on a daily basis.</p>	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for uploading Networking and FundSERV files to the NSCC website.</p> <p><u>Observation:</u> Observed the process of uploading Networking and FundSERV files to the NSCC website.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

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Control Objective #14: Master Fund Allocation

Controls provide reasonable assurance that underlying trades for master funds are processed in an accurate and timely manner.

Ref #	Description of Controls specified by Benefit Trust Company	Test of Operating Effectiveness performed by MHM	Results of Testing by MHM
14.01	New or revised allocations are input in the OTIS system by the Process Analyst per client's instruction.	<p><u>Inquiry:</u> Corroboratively inquired with key personnel regarding the procedures for entering revised or new allocations.</p> <p><u>Observation:</u> Observed the process of allocations being input into OTIS.</p> <p><u>Inspection:</u> Inspected a selection of client emails requesting the revised allocation.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
14.02	A second Process Analyst reviews the revised or new allocation to verify completeness and accuracy according to the client's instruction.	<p><u>Inquiry:</u> Corroboratively inquired with responsible personnel regarding the procedures for a second review of the revised or new allocations.</p> <p><u>Inspection:</u> Inspected a selection of client instructions from the Process Analyst daily packet for evidence of sign-off.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
14.03	Master level trades are received by Process Analysts and then the underlying trades are allocated per client's instructions.	<p><u>Inquiry:</u> Corroborative inquired with responsible personnel regarding the process of receiving and allocating master level trades.</p> <p><u>Inspection:</u> Inspected a selection of master level trades and agreed to original trade documentation.</p>	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

SECTION 5

Other Information Provided by Management

BUSINESS CONTINUITY PLANNING

The Business Continuity Planning Committee maintains a Business Continuity Plan that incorporates a disaster recovery plan for the systems and facilities housing production processing for BTC. The plan provides for business function recovery procedures to be carried out by each business unit. Designated members of the business lines will handle coordination with outside agencies, customers and service organizations.

The plan includes detailed procedures for emergency response, disaster declaration and mobilization, system restoration, network restoration, operations, administration and critical application processing.

BTC has leased space in a commercial building which contains a data center. This space provides a recovery "warm site" which contains the infrastructure supporting the recovery solutions for resources associated with critical functions within the required "recovery time objective". Testing of the disaster recovery data center is conducted at least annually. BTC maintains a contract with a different third party service provider that makes available a recovery location where personnel can relocate and resume operations in the event of a business interruption at the primary site.

EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 ("ERISA") COMPLIANCE

Employee benefit plans are primarily regulated by ERISA and subsequent amendments thereof. ERISA regulates the actions of and imposes fiduciary responsibilities on various parties involved in sponsoring, maintaining, and providing services to employee benefit plans. Plan sponsors and other named fiduciaries are the parties charged with principal fiduciary responsibilities regarding employee benefit plans and those benefiting from such plans.

As a subservice provider to plan sponsors and other named fiduciaries, BTC has taken on certain of these responsibilities on behalf of our customers and has developed several internal controls designed to enable BTC to carry out its ERISA responsibilities. These controls include the following:

- Investments and distributions are only made upon receiving proper authorization.
- Investments and distributions are reviewed to monitor that the transactions are performed in accordance with the clients' or recordkeepers' instructions.
- Background checks are performed on each employee and employees are bonded.
- Employees are trained with respect to the requirements of ERISA.