POLICY COMPLIANCE REPORT

To the Constituents
To the Board of Directors
Highland View Academy, Inc.
Hagerstown, Maryland

We have audited, in accordance with United States of America auditing standards generally accepted by the Seventh-day Adventist denomination, the financial statements of Highland View Academy, Inc. (Organization), which comprise the statements of financial position as of June 30, 2016, 2015, and 2014 and the related statements of changes in net assets and statements of cash flows for the years then ended, and the related notes to the financial statements. We have issued our reports thereon dated February 24, 2017. Our reports include an Other Matter paragraph about the change in auditors.

We assisted Maner Costerisan, PC, in its audit of the statements of financial position of Highland View Academy, Inc., as of June 30, 2013 and 2012, and the related statements of changes in net assets and statements of cash flows for the years then ended. The independent auditor, Maner Costerisan, PC, has issued its reports thereon dated March 31, 2014 and March 28, 2014.

As internal auditors of the General Conference of Seventh-day Adventists, we performed certain tests to determine the Academy’s compliance with the Working Policy of the General Conference of Seventh-day Adventists, North American Division insofar as it relates to those policies designated as “core” policies. Since we were not the auditors responsible for issuing the report on the audit of the financial statements for the years ended June 30, 2013 and 2012, we are precluded by United States of America auditing standards generally accepted by the Seventh-day Adventist denomination from providing any assurance on the Organization’s compliance with policy for those years. However, we are aware of noncompliance with the policies described in the following paragraphs.

North American Division Working Policy (NADWP) E 85 10 and 20 (formerly S 47 20) require the Organization to obtain signed statements of acceptance of the conflict of interest policy from designated employees and each board member annually. For the years ended June 30, 2013 and 2012, the Organization obtained 16 of the 26 and 21 of the 23 required statements, respectively.

NADWP S 19 05 (formerly S 04 31) requires the Organization to keep management and the controlling committee informed by providing monthly financial statements showing the actual operating results and budgetary provision to date. Management is to receive at least 9 of the 12 monthly financial reports. Management was provided only 7, 4, and 6 reports during the years ended June 30, 2016, June 30, 2013 and 2012, respectively.

In connection with our audit, as internal auditors of the General Conference of Seventh-day Adventists, except for the noncompliance with the policies discussed in the preceding paragraphs, nothing came to our attention that caused us to believe that the Organization failed to comply with the Working Policy of the
General Conference of Seventh-day Adventists, North American Division insofar as it relates to those policies designated as “core” policies for the years ended June 30, 2016, 2015 and 2014. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Our report is intended solely for the information and use of the officers of the Organization, its financial audit review committee, its governing committee, the delegates to its constituency meetings, and the officers and their designees of higher denominational organizations. This report is not intended to be and should not be used by anyone other than these specified parties.

General Conference Auditing Service

February 24, 2017