

ALTERNATIVE INVESTMENT GROUP

# Surprise Custody Examinations



## Understanding of Specified Compliance Requirements

Registered investment advisers that have custody of client assets, either directly or through a related person, must undergo an annual surprise custody examination by an independent public accountant to verify such assets.

CBIZ is registered with the Public Company Accounting Oversight Board (PCAOB) and is uniquely qualified to perform such examinations. The CBIZ Alternative Investment Practice Group understands the complexities and nuances of the SEC Custody Rule and can assist investment advisers in maintaining compliance.

The compliance services we render are the core of what we envision will be a long lasting client relationship. This is the starting point for what we expect will be multiple opportunities for us to become your proactive business advisors.

## Our Examination Philosophy

As an integral part of our service model we strive to achieve the following:

- Identify any potential compliance and regulatory issues in a timely manner
- Maintain a predictable workflow with client staff
- Meet all deadlines and commitment dates of deliverables
- Continually seek to improve the efficiency of the examination process

## Our Objectives

Our fundamental engagement objective is to examine management's assertion, pursuant to paragraph (a)(1) of Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Act"), as of the Surprise Custody Examination Date and file a certificate on Form ADV-E with the Securities and Exchange Commission within 120 days of the Surprise Custody Examination Date. We will also recommend improvements in internal accounting controls and financial reporting procedures, assist in your compliance with regulatory requirements, and advise on the interpretation of any regulatory developments.

Our examinations are conducted in accordance with attestation standards issued by the American Institute of Certified Public Accountants, which includes, on a sample basis, but is not limited to:

- Confirmation with the qualified custodian of cash and securities held by or in the name of the Company as agent or trustee for clients

- Reconciliation of such cash and securities to books and records of client accounts maintained by the Company
- Confirmation with clients of the detail of cash and securities held by the Company on behalf of such clients and capital transactions during the period
- Confirmation of client accounts that were closed or for which funds were returned to the client

We will also include procedures to provide reasonable assurance confirming management's reasonable belief that all client funds and securities are reported to them via statements sent directly from qualified custodians, unless they fall under the audit provision of Rule 206(4)-2(b)(4).

