



SSAE 16 Service Organization Control (SOC) 1 Type 2 Report

*Report on Management's Description of a Service Organization's System
and the Suitability of the Design and Operating Effectiveness of Controls
for the period of January 1, 2015, to August 31, 2015.*

ScaleMatrix Data Center Services

San Diego, CA

*Prepared Pursuant to
Statement on Standards for Attestation Engagements (SSAE) No. 16
by:*



Confidential

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I. INDEPENDENT SERVICE AUDITOR'S REPORT

ScaleMatrix
5775 Kearny Villa Road
San Diego, CA 92123

We have examined **ScaleMatrix's** description of its **Data Center Services** system in **San Diego, CA**, for processing user entities' transactions throughout the period of **January 1, 2015, to August 31, 2015** (description), and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

In the following section of this report, **ScaleMatrix** has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. **ScaleMatrix** is responsible for preparing the description and for the 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.

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 (AICPA). Those standards required 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 of **January 1, 2015, to August 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 and suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures include 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. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable, but not absolute, basis for our opinion.

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.



In our opinion, in all material respects, based on the criteria described in **ScaleMatrix's** assertion in the following section of this report:

- a. the description fairly presents the **Data Center Services** system that was designed and implemented throughout the period of **January 1, 2015, to August 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 of **January 1, 2015, to August 31, 2015**.
- c. the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period of **January 1, 2015, to August 31, 2015**.

The specific controls tested and the nature, timing, and results of those tests are included in the section of this report entitled, "Tests of Operating Effectiveness and Results of Testing Provided by the Service Auditor."

This report, including the description of tests of controls and results of testing, is intended solely for the information and use of **ScaleMatrix**, user entities of **ScaleMatrix's Data Center Services** system during some or all of the period of **January 1, 2015, to August 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.

NDB Accountants & Consultants, LLP

Atlanta, Georgia.
January 15, 2016.



II. WRITTEN STATEMENT of ASSERTION

We have prepared the description of **ScaleMatrix's Data Center Services** (the "description") for user entities of the system during some or all of the period of **January 1, 2015, to August 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 **Data Center Services** system made available to user entities of the system during some or all of the period of **January 1, 2015, to August 31, 2015**, for processing their **Data Center Services** transactions. The criteria used in making this assertion were that the description:

i. presents how the system was designed and implemented to process various transactions, and how this system made information available to user entities, 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 Center Services** system, 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 Center Services** system 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 Service Organization's 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 of **January 1, 2015, to August 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 the Service Organization;
- 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.

Sincerely,

Name: Mark Ortenzi

Rebecca Montee

Title: CEO

Director – Program Management & Development

Date: August 31, 2015.

August 31, 2015.

Signature:

Handwritten signature of Mark Ortenzi in black ink, written over a horizontal line.

Handwritten signature of Rebecca Montee in black ink, written over a horizontal line.

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