



AICPA Service Organization Control (SOC) 2 Type 2 Report

**Security, Availability, Confidentiality, and Privacy
Trust Services Principles (TSP)**

*Reporting on Management's Description of a Service Organization's System
and the Suitability of 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
Attestation Standards, Section 101 of the AICPA Codification Standards (AT Section 101)
by:*



Confidential

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I. INDEPENDENT SERVICE AUDITOR'S REPORT

ScaleMatrix

**5775 Kearny Villa Road
San Diego, CA 92123**

Scope

We have examined **ScaleMatrix's** description of controls of the **Data Center Services** system in **San Diego, CA** (the description), and the suitability of the design and operating effectiveness of controls to meet the criteria for the **Security, Availability, Confidentiality, and Privacy** principles set forth in TSP section 100, *Trust Services Principles, Criteria, and Illustrations for Security, Availability, Processing Integrity, Confidentiality, or Privacy* (AICPA, *Technical Practice Aids*; applicable Trust Services Criteria), along with applicable subject matter published with the "*Exposure Draft - Trust Services Principles and Criteria, July 30, 2013*" and "*Trust Services Principles, Criteria and Illustrations, 2014*" throughout the period of **January 1, 2015, to August 31, 2015**. The scope of this report, while utilizing the above-referenced publications containing subject matter for all five (5) Trust Service Principles, was limited to the **Security, Availability, Confidentiality, and Privacy** Trust Services Principles.

Service Organization's Responsibilities

ScaleMatrix has provided the attached assertion titled, "Written Statement of Assertion" which is based on the Criteria identified in management's assertion. **ScaleMatrix** is responsible for (1) preparing the description and assertion; (2) the completeness, accuracy, and method of presentation of both the description and assertion; (3) providing the services covered by the description; (4) specifying the controls that meet the applicable Trust Services Criteria and stating them in the description; and (5) designing, implementing, and documenting the controls to meet the applicable Trust Services Criteria.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description based on the description criteria set forth in **ScaleMatrix's** assertion and on the suitability of the design and operating effectiveness of the controls to meet the applicable Trust Services Criteria, 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 require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, (1) the description is fairly presented based on the description criteria, and (2) the controls were suitably designed and operating effectively to meet the applicable Trust Services Criteria throughout the period of **January 1, 2015, to August 31, 2015**.

Our examination involved performing procedures to obtain evidence about the fairness of the presentation of the description based on the description criteria and the suitability of the design and operating effectiveness of those controls to meet the applicable Trust Services Criteria. 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 meet the applicable Trust Services Criteria. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the applicable Trust Services Criteria were met. Our examination also included evaluating the overall presentation of the description. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable, but not absolute, basis for our opinion.

Inherent Limitations

Because of their nature and inherent limitations, controls at a Service Organization may not always operate effectively to meet the applicable Trust Services Criteria. 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 meet the applicable Trust Services Criteria is subject to the risks that the system may change or that controls at a Service Organization may become inadequate or fail.

Opinion

In our opinion, in all material respects, based on the description criteria identified in **ScaleMatrix's** assertion and the applicable Trust Services Criteria:

- a. the description fairly presents the system that was designed and implemented throughout the period of **January 1, 2015, to August 31, 2015.**
- b. the controls stated in the description were suitably designed to provide reasonable assurance that the applicable Trust Services Criteria would be met 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 applicable Trust Services Criteria were met, operated effectively throughout the period of **January 1, 2015, to August 31, 2015.**

Description of Tests of Controls

The specific controls we tested and the nature, timing, and results of our tests are presented in the section of our report titled, "Tests of Operating Effectiveness and Results of Testing Provided by the Service Auditor (NDB)."

Intended Use

This report and the description of tests of controls and results thereof are 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 prospective user entities, independent auditors and practitioners providing services to such user entities, and regulators who have sufficient knowledge and understanding of the following:

- The nature of the service provided by the Service Organization;
- How the Service Organization's system interacts with user entities, subservice Organizations, and other parties;
- Internal control and its limitations;
- Complimentary user entity controls and how they interact with related controls at the Service Organization to meet the applicable Trust Services Criteria;
- The applicable Trust Services Criteria; and,
- The risks that may threaten the achievement of the applicable Trust Services Criteria and how controls address those risks.

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.
February 17, 2016.**



II. WRITTEN STATEMENT of ASSERTION

We have prepared the attached description of controls of **ScaleMatrix's Data Center Services** throughout the specified testing period of **January 1, 2015, to August 31, 2015** (the description), based on the criteria in items (a)(i)-(ii) below, which are the criteria for a description of a Service Organization's system in paragraphs 1.33 - .34 of the AICPA Guide, *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, and/or Privacy* (the description criteria). The description is intended to provide users with information about the system, particularly system controls intended to meet the criteria for the **Security, Availability, Confidentiality, and Privacy** principles set forth in TSP section 100, *Trust Services Principles, Criteria, and Illustrations for Security, Availability, Processing Integrity, Confidentiality, or Privacy* (AICPA, *Technical Practice Aids*; applicable Trust Services Criteria), along with applicable subject matter published with the "*Exposure Draft – Trust Services Principles and Criteria, July 30, 2013,*" and "*Trust Services Principles, Criteria and Illustrations, 2014.*" We confirm, to the best of our knowledge and belief, that:

- a. The description fairly presents the description of controls of **ScaleMatrix's Data Center Services** system throughout the specified testing period of **January 1, 2015, to August 31, 2015**, based on the following description criteria:
 - i. The description contains the following information:
 - 1) The types of service provided;
 - 2) The components of the system used to provide the services, which are the following:
 - *Infrastructure.* The physical and hardware components of a system (facilities, equipment, and networks).
 - *Software.* The programs and operating software of a system (systems, applications, and utilities).
 - *People.* The personnel involved in the operation and use of a system (developers, operators, users and managers).
 - *Procedures.* The automated and manual procedures involved in the operation of a system.
 - *Data.* The information used and supported by a system (transaction streams, files, databases, and tables);
 - 3) The boundaries or aspects of the system covered by the description;
 - 4) How the system captures and addresses significant events and conditions;
 - 5) The process used to prepare and deliver reports and other information to user entities and other parties;
 - 6) If information is provided to, or received from, Subservice Organizations or other parties, how such information is provided or received; the role of the Subservice Organization and other parties; and the procedures performed to determine that such information and its processing, maintenance, and storage are subject to appropriate controls;
 - 7) For each principle being reported on, the applicable Trust Services Criteria and the related controls designed to meet those criteria, including, as applicable, complementary user-entity controls contemplated in the design of the Service Organization's system;



- 8) For Subservice Organizations presented using the carve-out method, the nature of the services provided by the Subservice Organization; each of the applicable Trust Services Criteria that are intended to be met by controls at the Subservice Organization, alone or in combination with controls at the Service Organization, and the types of controls expected to be implemented at carve-out Subservice Organizations to meet those criteria; and for Privacy, the types of activities that the Subservice Organization would need to perform to comply with our privacy commitments;
 - 9) Any applicable Trust Services Criteria that are not addressed by a control at the Service Organization or a Subservice Organization and the reasons therefore;
 - 10) Other aspects of the Service Organization's control environment, risk assessment process, information and communication systems, and monitoring of controls that are relevant to the services provided and the applicable Trust Services Criteria; and,
- ii. The description does not omit or distort information relevant to the Service Organization's system while acknowledging that the description is prepared to meet the common needs of a broad range of users and my not, therefore, include every aspect of the system that each individual user may consider important to his or her own particular needs.
- b. The controls stated in the description were suitably designed throughout out the specified period of **January 1, 2015, to August 31, 2015**, to meet the applicable Trust Services Criteria.
- c. The controls stated in the description operated effectively throughout the specified period to meet the applicable Trust Services Criteria.

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.