



System and Organization Controls (SOC) 3 Report



**Independent Service Auditor's Report on Controls Placed in
Operation and Tests of Operating Effectiveness**

For the period from March 1, 2017 to June 30, 2018

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Section I – Management of Neverfail’s Assertion

We are responsible for designing, implementing, operating, and maintaining effective controls within Neverfail LLC’s (“Neverfail” or the “Company”) General Information Technology Process associated with the Neverfail Cloud throughout the period March 1, 2017 to June 30, 2018, to provide reasonable assurance that Neverfail’s service commitments and system requirements relevant to security and availability were achieved. Our description of the boundaries of the system is presented in Section III and identifies the aspects of the system covered by our assertion.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period March 1, 2017 to June 30, 2018, to provide reasonable assurance that Neverfail’s service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in TSP section 100A, *2016 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria)*. Neverfail’s objectives for the system in applying the applicable trust services criteria are embodied in its service commitments and system requirements relevant to the applicable trust services criteria. The principal service commitments and system requirements related to the applicable trust services criteria are also presented in Section III.

There are inherent limitations in any system of internal control, including the possibility of human error and the circumvention of controls. Because of these inherent limitations, a service organization may achieve reasonable, but not absolute, assurance that its service commitments and system requirements are achieved.

We assert that the controls within the system were effective throughout the period March 1, 2017 to June 30, 2018, to provide reasonable assurance that Neverfail’s service commitments and system requirements were achieved based on the applicable trust services criteria.

We welcome any questions or comments from our clients regarding the assertions described above.

A handwritten signature in blue ink, appearing to read "BH".

Brian Hierholzer
Chief Executive Officer
July 23, 2018

Section II - Independent Service Auditor's Report

The Board of Directors
Neverfail LLC's

Scope

We have examined Neverfail LLC's ("Neverfail" or the "Company") accompanying assertion titled Section I – Management of Neverfail's Assertion, that the controls within Neverfail's General Information Technology Process associated with the Neverfail Cloud were effective throughout the period March 1, 2017 to June 30, 2018, to provide reasonable assurance that Neverfail's service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in TSP section 100A, *2016 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria)*.

Service Organization's Responsibilities

Neverfail is responsible for its service commitments and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that Neverfail's service commitments and system requirements were achieved. Neverfail has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, Neverfail is responsible for selecting, and identifying in its assertion, the applicable trust service criteria and for having a reasonable basis for its assertion by performing an assessment of the effectiveness of the controls within the system.

Service Auditor's Responsibilities

Our responsibility is to express an opinion, based on our examination, on whether management's assertion that controls within the system were effective throughout the period to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Our examination was conducted 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 management's assertion is fairly stated, in all material respects. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination included:

- obtaining an understanding of the system and the service organization's service commitments and system requirements
- assessing the risks that controls were not effective to achieve Neverfail's service commitments and system requirements based on the applicable trust services criteria; and
- performing procedures to obtain evidence about whether controls within the system were effective to achieve Neverfail's service commitments and system requirements based on the applicable trust services criteria.

Our examination also included performing such other procedures as we considered necessary in the circumstances.



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Inherent Limitations

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Because of the nature and inherent limitations of controls, Neverfail's ability to meet the aforementioned criteria may be affected. For example, fraud, unauthorized access to systems and information, and failure to comply with internal and external policies or requirements may not be prevented or detected. Also, the projection of any conclusions, based on our findings, to future periods is subject to the risk that any changes or future events may alter the validity of such conclusions.

Opinion

In our opinion, management of Neverfail's assertion that, during the period March 1, 2017 to June 30, 2018, Neverfail maintained effective controls over its General Information Technology Process associated with the Neverfail Cloud to provide reasonable assurance that the criteria for the security and availability principles set forth in the applicable trust services criteria is fairly stated, in all material respects.

Holtzman Partners, LLP

Austin, Texas
July 23, 2018

Section III – Description of Neverfail’s System

Overview of Operations

Neverfail is a cloud delivery company which provides Infrastructure as a Service (IaaS). The Company partners with solution providers to bring their cloud solutions to market faster and with no channel conflict. Neverfail’s primary product offering is the Neverfail Cloud, a fully redundant, software-defined virtual Private Datacenter. Neverfail Cloud is provided to Partners (who are referred to as “Partners”) using the Company’s cloud delivery platform, Cloud Service Architect (CSA), which allows for flexibility in the design and delivery of managed cloud infrastructure. The Neverfail Cloud includes Secure, Private, Bare Metal and Hybrid environments. In order to assist Partners with the development and facilitation of their cloud environment, Neverfail has developed standardized CSA blueprints which operate in the following layers:

- Compute Layer – host operating systems
- Storage Layer – storage controllers and software
- Network Layer – servers, routers, switches and firewalls

Each Partner has the opportunity to uniquely configure their environment and therefore, the utilization of each of these layers may vary. The equipment used to provide the Neverfail Cloud is maintained in physical Datacenters operated by CyrusOne in Austin, Texas, Netsolus in Kansas City, Missouri and Switch in Las Vegas, Nevada (collectively referred to as the “Datacenters” for purposes of this report). Each Datacenter is covered by a SOC report, which are available to the Company’s Partners upon request.

The Neverfail Cloud provides more flexibility and management than a traditional IT infrastructure. This flexibility includes choosing from Windows or Linux servers, multiple storage tiers, VoIP, backup packages, web hosting software and hosted applications. This flexibility also allows partners to retain full native control over their IT infrastructure environment via their favorite remote monitoring and management (RMM) solution that is built into the Neverfail Cloud. This structure allows Partners to retain complete control over their infrastructure for maximum visibility and management. The scope of this report includes the Company’s General Information Technology Process associated with the Neverfail Cloud relevant to Security and Availability. The scope does not include any other products or services offered by the Company.

Principal Service Commitments and System Requirements

Neverfail designs its processes and procedures related to the General Information Technology Process associated with the Neverfail Cloud to meet its objectives for this system. Those objectives are based on the service commitments that Neverfail makes to its clients (user entities), the laws and regulations that govern the provision of the Neverfail Cloud and the financial, operational and compliance requirements that Neverfail has established for the Neverfail Cloud. The Company does not have service level requirements with its clients but the Company has established internal commitments relating to following Trust Services Principles selected by management of the Company for inclusion in the scope of this report:

- **Security Principle** – The system is protected against unauthorized access, use or modification.
- **Availability Principle** – The system is available for operation and use as committed or agreed.

No other Trust Services Principles are included in the scope of this report.

Neverfail establishes operational requirements that support the achievement of these commitments including relevant laws and regulations. Such requirements are communicated in the Company's policies, system design documentation and contracts with clients (collectively referred to as "system documentation"). This system documentation defines an organization-wide approach to how systems and data are protected, how the Neverfail Cloud is designed, developed and operated (including how specific manual and automated procedures are to be performed), how the internal business systems and networks are managed and how employees are hired and trained.