

# System and Organization Controls (SOC) 1

Type 2 Report on The Lutheran Church Missouri  
Synod Foundation's Description of the  
Investment Management Services System and  
the Suitability of the Design and Operating  
Effectiveness of Controls

July 1, 2023 to September, 30, 2024

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REPORT PREPARED FOR

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### INDEPENDENT SERVICE AUDITOR'S REPORT

To the Board of Trustees

The Lutheran Church Missouri Synod Foundation

Kirkwood, Missouri

#### Scope

We have examined The Lutheran Church Missouri Synod Foundation's (the "Foundation") description of its investment management services system entitled "Description of the System" throughout the period July 1, 2023 to September 30, 2024 (description) and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Management's Assertion" (assertion). The controls and control objectives included in the description are those that management of the Foundation believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the investment management services system that are not likely to be relevant to user entities' internal control over financial reporting.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Foundation's controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

The Foundation uses subservice organizations, U.S. Bank, to perform certain investment activity processing, investment valuation and investment custody functions; Innovest (InnoTrust), to serve as the trust processing system; Keystone IT, managed service provider for IT infrastructure services and data backup; and AWS for IT infrastructure and data backup. The description includes only the control objectives and related controls of the Foundation and excludes the control objectives and related controls of U.S. Bank, Innovest (InnoTrust), Keystone IT, and AWS. The description includes only the control objectives and related controls of the Foundation and excludes the control objectives and related controls of the subservice organization. The description also indicates that certain control objectives specified by the Foundation can be achieved only if complementary subservice organization controls assumed in the design of the Foundation's 's controls are suitably designed and operating effectively, along with the related controls at the Foundation. Our examination did not extend to controls of the subservice organization and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

#### Service Organization's Responsibilities

In Section II, the Foundation 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. The Foundation is responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and 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 stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

## Section I – Independent Service Auditor's Report

### Service Auditor's Responsibilities

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.

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 the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, 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 July 1, 2023 to September 30, 2024. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves—

- Performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- 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.
- Testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- Evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

### Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in investment management services system. 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 ineffective.

### Description of Tests of Controls

The specific controls tested, and the nature, timing, and results of those tests are listed in Section IV.

### Service Auditor's Independence

We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our examination.

### Opinion

In our opinion, in all material respects, based on the criteria described in the Foundation's assertion—

- a. The description fairly presents the investment management services system controls that was designed and implemented throughout the period July 1, 2023 to September 30, 2024.

## Section I – Independent Service Auditor's Report

- 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 July 1, 2023 to September 30, 2024 and subservice organizations and user entities applied the complementary controls assumed in the design of the Foundation's controls throughout the period July 1, 2023 to September 30, 2024.
- c. The controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period July 1, 2023 to September 30, 2024 if complementary subservice organization and user entity controls assumed in the design of the Foundation's controls operated effectively throughout the period July 1, 2023 to September 30, 2024.

### Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of the Foundation, user entities of the Foundation's investment management services system during some or all of the period July 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and 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 misstatement of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties.



Armanino<sup>LLP</sup>

St. Louis, Missouri

October 28, 2024

## Section II – Management's Assertion

### MANAGEMENT'S ASSERTION

We have prepared the description of The Lutheran Church Missouri Synod Foundation's (the "Foundation"), investment management services system entitled "Description of the System" for processing user entities' investments and transactions throughout the period July 1, 2023 to September 30, 2024 for user entities of the system during some or all of the period July 1, 2023 to September 30, 2024, and their auditors who audit and report on such user entities' financial statements or internal control over financial statement reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves when assessing the risks of material misstatement of user entities' financial statements.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Foundation's controls are suitably designed and operating effectively, along with related controls at the service organization. The description does not extend to controls of the user entities.

The Foundation uses subservice organizations, U.S. Bank, to perform certain investment activity processing, investment valuation and investment custody functions; Innovest (InnoTrust), to serve as the trust processing system; Keystone IT, managed service provider for IT infrastructure services and data backup; and AWS for IT infrastructure and data backup. The description includes only the control objectives and related controls of the Foundation and excludes the control objectives and related controls of U.S. Bank, Innovest (InnoTrust), Keystone IT, and AWS. The description includes only the control objectives and related controls of the Foundation and excludes the control objectives and related controls of the subservice organization. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The description does not extend to controls of the subservice organization.

We confirm, to the best of our knowledge and belief, that:

- 1) The description fairly presents the investment management services system made available to user entities of the system during some or all of the period July 1, 2023 to September 30, 2024 for transaction processing as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
  - a) Presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable:
    - i) The types of services provided, including, as appropriate, the classes of transactions processed.
    - ii) The procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
    - iii) The information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
    - iv) How the system captures and addresses significant events and conditions other than transactions.
    - v) The process used to prepare reports and other information for user entities.

## Section II – Management's Assertion

- vi) The services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.
  - vii) The specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the controls.
  - viii) Other aspects of our control environment, risk assessment process, information, and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- b) Includes relevant details of changes to the investment management services system during the period covered by the description.
- c) Does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors and may not, therefore, include every aspect of the investment management services system that each individual user entity of the system and its auditor may consider important in its own particular environment.
- 2) The controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period July 1, 2023 to September 30, 2024 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of the Foundation's controls throughout the period July 1, 2023 to September 30, 2024. The criteria we used in making this assertion were that:
- a) The risks that threaten the achievement of the control objectives stated in the description have been identified by management.
  - b) The controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
  - c) The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

## Section III - Description of the System

### DESCRIPTION OF THE LUTHERAN CHURCH MISSOURI SYNOD INVESTMENT MANAGEMENT SERVICES SYSTEM

#### Overview of Operations

##### Company Overview

The Lutheran Church Missouri Synod Foundation (the "Foundation") is the chartered trust and investment corporation of The Lutheran Church Missouri Synod. The Foundation was established in 1958 by a group of Lutherans as a stewardship ministry of the Church, with a focus on planned giving and endowment management.

The Foundation Board of Trustees is responsible to the Synod and oversees charitable estate planning for LCMS members and investment services for LCMS ministries. The Foundation's goal is to strengthen ministries financially to enable the work of the church in the future.

The Foundation processes gifts of appreciated securities on behalf of Synod-wide agencies. The Foundation works directly with donors who desire to give a marketable security to any LCMS entity listed in the Synod annual.

The Foundation uses separately managed accounts, mutual funds, and commingled funds in its investment portfolios. As part of its fiduciary responsibility, the Foundation imposes investment restrictions on managers of separately managed accounts and closely monitors the investment practices of managers of commingled funds. Investment portfolios are rebalanced regularly to ensure the optimal investment structure is maintained despite market shifts.

With the assistance of our investment advisors, the Foundation has established a variety of investment options to meet the specific investing needs of a wide range of clients.

##### Services Provided In-scope Applications

The SOC 1 report includes testing of the following in-scope applications:

Application	Description
Investment Management Services System	Processing user entities' investments and transactions

#### Significant Changes to the System

There were no changes that are likely to affect report users' understanding of how the system is used to provide the service for the period July 1, 2023 to September 30, 2024.



## Section III - Description of the System

### RELEVANT ASPECTS OF INTERNAL CONTROL

As defined by the American Institute of Certified Public Accountants (AICPA), internal control is a process affected by an entity's board of directors, management, and other personnel and consists of five interrelated components:

- Control Environment
- Risk Assessment
- Information and Communication
- Monitoring Activities
- Control Activities

This section briefly describes the essential characteristics and other interrelated components over the control objectives as they pertain to the Company.

#### Control Environment

The LCMS Foundation's control environment reflects the overall attitude, awareness, and actions of management, driven by members of the Foundation's senior management team concerning the importance and emphasis given to controls in the Foundation's policies, procedures, methods, and organizational structure.

#### Risk Assessment

The Foundation's risk assessment process includes identification, analysis, and management of risks relevant to investment management services. The risk assessment process addresses the current control structure as well as identification of changed conditions that may impact the structure.

#### Information and Communication

##### *Information Systems*

The information system most relevant to the Foundation's operations is the trust accounting system. This system is used to record, process, summarize and accurately report donor and investment activity, valuations, and fees. The Foundation utilizes Intacct as its General Ledger accounting system. eFileCabinet (Revver) is used as the Foundation's document system. Communication involves providing an understanding of individual roles and responsibilities pertaining to executing policies and controls. This communication is accomplished through various standardized policies and procedures within the organization. The information system components relevant to services provided to user organizations are described in this report.

#### Monitoring Activities

Monitoring of the internal control systems is a process that assesses the quality of the internal control systems' performance over time. This is accomplished primarily by ongoing monitoring activities conducted by the Foundation team to approve new client relationships, validate portfolio account valuations, and reconcile client billing statements.

## Section III - Description of the System

### CONTROL ACTIVITIES

The Foundation's control activities include policies and procedures in place to ensure management's directives are implemented. They ensure that necessary actions are taken to address risks to the achievement of the Foundation's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities such as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.

Control activities as they relate to the purpose of this report are included in the process description portions of Section III below. The key control activities that support the Foundation's control objectives have been identified and tested in Section IV.

### Business Process Controls

#### Investment Account Set Up

##### *New Accounts*

Every account which is opened is required to have an investment agreement signed by an authorized representative of the congregation. The investment agreement defines the general terms and conditions regarding custody account, contact person, investments, additions and distributions, statements, fees, and termination. Executed investment agreements are approved by an authorized representative of the Foundation.

The Vice President (VP) of Gift Review and Design or the Staff Attorney will receive the executed investment agreement funded with either cash or securities, which they will relay to the Client Services Gift Processing group for processing. Upon receipt by Client Services Gift Processing, an investment folder is created containing the investment agreement along with any other documentation that may be provided by the congregation or institution.

The trust accounting system is the system of record used by the Foundation. Client Services Gift Processing personnel inputs new account information into the trust accounting system and enters the Client Relations Manager responsible for the account's administration. The Client Services Gift Processing group then documents the completion of the set up by printing detailed account reports from the trust accounting system and adds them to the investment folder.

The Client Relations Manager receives the investment folder for review and verification. The Client Relations Manager verifies that the information in the documentation (name, address, fee schedule, statement frequency, authorized signers and more) was entered correctly into the trust accounting system for accurate administration of the account and compliance with the terms of the agreement and other documentation. The investment file is forwarded to the Gift Processing Associate who image documents onto the Revver Imaging Archival System for electronic document access.

#### Investment Account Additions and Redemptions

##### *Funding/Additions*

Account funding/additions are received in the form of cash, check, ACH, wire or securities. When funding the account with cash, the Client Services Gift Processing group prepares the entry to receipt into the account, attaching a photocopy of the cash received to the back of the form with the original bill attached to the front of the form. This documentation is relayed to the Investment Operations department for deposit.

If the account is funded by check, the Client Services Gift Processing group makes two copies of the check, one for the investment file and the other for attachment with the original check. When the account is funded with securities, the Client Services Gift Processing group obtains a price history from the Securities and Investment Manager with pricing based on the gift receipt date. The Securities and Investment Manager utilizes online sources to ascertain the value of the security (the median of the high/low price as of the date received). For bonds, the Foundation uses the posted market value.

## Section III - Description of the System

### Investment Account Additions and Redemptions (continued)

#### *Funding/Additions (continued)*

The Client Services Gift Processing group prepares the asset receipt entry and sends it along with the account file to the Client Relations Manager for review. Securities are not sold by the Foundation until investment/allocation instructions are provided by the client. Client additions are invested within 30 days of receipt and in accordance with the investment instructions provided with the funding asset or, if none, the most recent Investment Worksheet.

Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Managers to only prepare investment and redemption requests, and only Investment Administrators or Operations Analysts processing transactions in the trust accounting system. The trust accounting system is configured to allow Client Relations Managers to only initiate investment requests and Investment Operations personnel to only approve/process the investment requests.

#### *Withdrawals*

The Client Relations Manager either receives correspondence from the congregation or institution regarding withdrawal of principal funds via letter of direction, which provides dollar amounts to be withdrawn, or per standing memo or contract terms.

The Client Relations Manager verifies the requestor is an authorized representative on the account and determines if the account has enough cash or if a sale of assets is required. If a sale is required, the Client Relations Manager creates an order entry or entries in the trust accounting system totaling the amount of the withdrawal or the appropriate number of shares. Next, the Client Relations Manager creates a distribution entry in the trust accounting system for the amount requested. Pending entries and supporting documents require review and approval by the Vice President Client Relations, Senior Client Relations Manager, or a peer. Documentation is forwarded to the Client Services team member responsible for authorizing the daily checks.

On the day of settlement, the distribution transactions are generated. A Client Services team member will verify that the distribution amounts match the supporting documentation and will authorize the transactions.

Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Managers to only prepare investment and redemption requests, and only Investment Administrators or Investment Operations Analysts processing transactions in the trust accounting system. The trust accounting system is configured to allow Client Relations Managers to only initiate investment requests and Investment Operations personnel to only approve/process the investment requests.

Checks are given to the Client Relations Manager (if requested) for mailing with supporting documents or mailed directly to the congregation or institution. The Client Relations Manager then forwards investment withdrawal documents to the Gift Processing Associate for imaging into the respective file and "closes" the Investment account, if appropriate, in the trust accounting system.

#### *Trades*

Trades are manually entered, uploaded via Excel FileIn (sent to Investment Operations Analyst) or created via Portfolio Rebalancing tool in the trust accounting system by the Client Relations Manager and reviewed for accuracy by the Assistant Client Relations Manager. Pending Trade Order Review reports are reviewed by the Assistant Client Relations Manager for errors. Corrections, if required, are made by the appropriate Client Relations Manager.

## Section III - Description of the System

### Investment Account Additions and Redemptions (continued)

#### *Trades (continued)*

Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Managers to only prepare investment and redemption requests, and only Investment Administrators or Investment Operations Analysts processing transactions in the trust accounting system. The trust accounting system is configured to allow Client Relations Managers to only initiate investment requests and Investment Operations personnel to only approve/process the investment requests.

### Investment Management

A Statement of Investment Policies and Objectives outlines the Foundation's investment strategies and guidelines. This Statement is reviewed and approved by the Board of Trustees annually.

The Board of Trustees approves the Investment Consultant and changes in investment managers. The Board of Trustees has established an Investment Committee which is responsible for developing the investment policy, recommending asset allocations, determining range of investment options, monitoring investment managers, and recommending the Investment Consultant to the Board.

The Investment Consultant approved by the Board is engaged to advise the Foundation concerning its investment program in four primary areas:

1. Development of Investment Strategy
  - The Investment Consultant recommends investment strategies which reflect the theoretical underpinnings and empirical evidence of market behavior.
  - Recommended investment strategies and structures that reflect the Foundation's long-term goals of achieving its return objectives within an acceptable level of active risk relative to target portfolios.
2. Selection of Investment Managers
  - The Investment Consultant will perform an in-depth analysis on managers in the consultant's database to provide recommendations to the Foundation for the selection of new managers. The objective of the selection process is to hire appropriate best-in-class managers for the Funds.
  - This analysis will cover qualitative factors (investment philosophy and style, investment process, key portfolio management team members, ownership structure, client base, products, and assets under management) and quantitative factors (return and risk analysis of the portfolio relative to an appropriate benchmark, net performance over numerous time periods, and portfolio characteristics comparisons of the portfolio and the benchmark).
3. Monitoring of Current Investment Managers
  - The Investment Consultant performs a monthly analysis of the performance of each manager currently engaged by the Foundation. Performance is compared to an agreed upon benchmark index.
  - Quarterly, the Investment Consultant performs an in-depth analysis of the performance and portfolio composition of each current manager. Portfolio composition data will be used to determine if the manager is staying within their management style as well as to develop style peer benchmarks for a more complete comparison of manager performance.
  - Quarterly, the Investment Consultant reviews manager compliance with the Board's guidelines and policies. The results of this review for each manager will be included in the quarterly Investment Committee meeting materials.

## Section III - Description of the System

### Investment Management (continued)

#### 4. Communication

- The Investment Consultant meets with the Foundation on a quarterly basis to discuss the consultant's manager analysis.
- A written summary report of the manager analysis will be provided to the Foundation, once a quarter.
- A written analysis of manager performance versus benchmarks will be provided to Investment Operations monthly.

Transactions are processed, and accounts maintained by the Custodian, U.S. Bank. U.S. Bank is also responsible for valuing investments and providing data used to determine unit value and income factors for the Preference Funds. The Foundation and U.S. Bank have a Custodian Contract, which outlines U.S. Bank's duties and responsibilities.

The Foundation has secure web access to the custodian's online client account system. Cash movement and trading activity are entered online. Primary use of the custodian's online client account system is for reporting. Other methods used for cash movement and trading activity include sending completed cash movement instructions directly to the Foundation's dedicated client service team at the custodian or placing trades directly with the custodian's Trade Services group via phone. Transactions are required to be approved by a second party.

### Pricing of Investments

Monthly, pricing information and corresponding earned income reports supporting Unit Value and Income Factor calculations for each of the Preference Funds are received from U.S. Bank by the sixth business day of the month. The account reports for each manager are retrieved from the online client account system, as are the composite reports for each Preference Fund. Each account report contains data on expenses, net income and market value for the Fund managers and Preference Funds. The reports provide data necessary to calculate the Preference Fund Unitized Price and Income Factor used by the Foundation to complete the Common Fund Processing for holders (both funds and accounts) of Preference Funds.

The monthly pricing process of the Common Funds provides the month-end valuation and income distribution for accounts holding investments during the month and the price at which transactions (purchases and redemptions) are processed at month-end.

The Trust System Manager and Analyst prepares a Common Fund worksheet based on the Unit Value and Income Factor report. Operations employees verify that the Common Fund worksheet amounts agree to the Unit Value and Income Factor report. The trust accounting system contains a list of accounts purchasing or redeeming a particular Preference Fund during the respective month. This information is inputted into the system from the Client Service Group.

The VP of Investment Research & Operations and Analyst reviews the cash needs/expectations for the next month and prepares the necessary trades at the Preference Fund level and the Fund Manager level. These pending trades are given to the Trust System Manager and Analyst to add to the trades received from the Client Relations Managers.

Investment activity at U.S. Bank for Preference Funds is communicated to the custodian prior to month-end. Normal investment activity at the Fund Manager account level is also entered at this time. Quarterly, investment activity is reviewed and compared to the Statement of Investment Policies and Objectives by the Investment Consultant to ensure compliance with the investment structure as approved by the Foundation's Board of Trustees. The results of the Investment Consultant's review are included in the quarterly Investment Committee meeting materials which is reviewed by the Board of Trustees.

## Section III - Description of the System

### Pricing Of Investments (continued)

The distribution of monthly income is calculated by multiplying the number of units for each account by the Income Factor. The Trust System Manager and Analyst prepare the Statement of Condition for each of the funds, which is verification that the information received from U.S. Bank agrees to the information in the trust accounting system. The Trust System Manager and Analyst review for accuracy.

The approved Statement of Condition (containing principal market values, accrued income available to participants, units of participation and per unit values for principal and earned income) is reconciled to U.S. Bank reporting for accounts comprising the Foundation's investment funds. Information is also reconciled to the trust accounting system.

The Trust System Manager and Analyst post the income distribution in the trust accounting system. Prior to final posting, the Trust System Manager and Analyst review and approve the distribution. Following the valuation of account holdings and posting of income, fees that are assessed at the account level are calculated in the trust accounting system. Once the fees are calculated in the trust accounting system, the Trust System Manager and Analyst post the invoices in the system which automatically debits each account. To ensure fees appear reasonable from month to month, the Trust System Manager performs a review to compare total change in asset value from the prior month to the total change in fees from the prior month. Fees should generally fluctuate up or down with the change in asset value.

### Reporting

Reporting is managed in the Client Services Group. The Trust System Manager informs the Client Relations Managers once the Investment Fund pricing and Fee processing have been completed so that they can prepare client reports and statements.

#### *Review of Present Value Data*

The Foundation Client Services (CS) Group performs extensive due diligence auditing of present value report data and PV report output, to ensure optimal reporting accuracy. These risk management controls were instituted by Client Services to maximize data integrity and client reporting outcomes.

Beneficiary birth/death dates and salutations/gender fields relative to split interest accounts are reviewed to ensure appropriate fields are populated. If beneficiary birth dates are missing, the donor/beneficiaries are contacted to obtain birth date information and eliminate name ambiguities. Where possible, data is updated prior to report generation. Vital statistic due diligence review maximizes actuarial computation integrity.

On an annual basis, CS proactively selects a sample of elder beneficiaries and compares system vital statistics against genealogy and other websites to identify unreported deaths. If unreported deaths are detected, family members/estates are contacted to procure a death certificate, or it is ordered from the state in which the donor died. Pertinent death date info is updated in the system to optimize PV reporting.

The third-party actuarial consultant performs an independent review of extract data, to verify that datasets appear reasonable.

The Client Services Gift Processing group reviews the present value report output for a selected number of ministries and sample audits output for accuracy and reasonableness, including:

- Charitable gift market values are reconciled back to the trust accounting system to verify report market value accuracy.
- Growth and discount rates provided by the Investment Group are reconciled back to Willis Towers Watson program front-end input to verify report rates were input by Willis Towers Watson correctly.



## Section III - Description of the System

### Reporting (continued)

- Current Year PV report is compared with Prior Year PV report on a line-by-line basis to verify account maturity projections appear consistent (maturity variances over two years are researched for accuracy/cause).
- A spreadsheet variance analysis is performed, with variances researched accordingly.
- Program formulas are randomly and periodically reviewed for consistency and reasonableness.
- Ministry Report recipient addresses are reviewed for accuracy.
- PV report gift grand totals are compared to previous fiscal year report grand totals and reconciled using New and Terminated Account reports as supplemental reconciliation tools. This process is performed for a sample selection of PV reports.

The accountant compares comprehensive extract PV data with prior year PV data to adjust net present value of unrestricted and temporarily restricted assets reported on the Statement of Activities.

### Information Technology General Controls

#### *Logical Access*

Logical access to U.S. Bank's system is restricted based upon job responsibilities and supports an effective segregation of duties. The system is configured to require independent entry and approval of transactions. Access reviews are performed annually for U.S. Bank access, the trust accounting system, and Active Directory.

Each Foundation employee is set up with a Windows Active Directory account and provisioned a workstation based on their need. The trust accounting system access will be provisioned if required based on job responsibilities. Foundation employees can only access the trust accounting system by authenticating into their workstation with their Active Directory credentials. The Security Protection Acceptance and Windows Active Directory policies define and enforce password complexity standards. A unique password and user ID combination is required to sign on to Active Directory.

Onboarding and offboarding checklists are completed when provisioning or deprovisioning employee system access. The Onboarding and Offboarding PowerApps are used to initiate and document provisioning or deprovisioning accounts. The onboarding and offboarding checklists are signed and dated by the Chief Financial Officer.

#### *Physical Security*

Upon entering the main LCMS building, guests are greeted by a guard and receptionist during building hours of 7:45 a.m. to 4:15 p.m. Non-employees are required to sign a visitor log, receive a visitor badge, and must be escorted throughout the building. The Foundation's office within the main building is locked 24/7 and requires badge access to enter. Confidential data is housed in the server room and the vault, which are accessible by physical keys. Access to the vault is limited to the VP of Investment Operations, the Investment Administrator, and Cash Manager. Only the IT Director and the Executive Assistant have keys to the server room.

#### *Change Management*

Change procedures are in place and reviewed by the IT Director to ensure that change requests follow a standardized procedure via the change request form. Change requests specific to the trust accounting system are submitted to the third-party software provider through their help desk for evaluation, approval, development, QA, and implementation through a future release to all system users. Approval and implementation of a request is not guaranteed.

## Section III - Description of the System

### Information Technology General Controls (continued)

#### *Change Management (continued)*

Gift Log & InnoTrust report change requests are submitted using the Request a Report PowerApp. The report writer receives an email when a request is submitted. The report writer creates or updates the query (associated with the report) based on the request. The report reviewer receives an email notification that the report is available for review when the report writer finishes creating or updating the report/query. If the report is confirmed, the reviewer approves the report, and it gets pushed into the production environment. If the report is not confirmed, the reviewer rejects the report and sends it back to the report writer for revision. The report writer revises the report/query and sends it back to the reviewer for approval. Once approved, the report is published into the production environment.

Access to view reports/queries is limited to in-house employees. Access to write, modify, and delete reports/queries is limited to the report writer and IT employees.

#### Vendor Management

The Foundation has established a Vendor Management policy and procedures which provide guidance for identifying, measuring, monitoring, and mitigating risks associated with third-party providers. The policy is included in the Standard Operating Policies and Procedures which is reviewed annually by Foundation management.

The Foundation considers several factors when performing due diligence in selecting a Third-Party Vendor. The type and depth of due diligence varies depending on the scope of importance of the outsourced services as well as the risk to the Foundation from these services. Vendors are risk rated (High/Critical, Moderate, or Low) based on whether the vendor has access to critical company data, performs a critical business function, has an impact on revenue or expenses, whether the vendor is the only company providing the service/product, and whether it directly impacts the Foundation's ability to perform one or more critical business functions.

Annually, critical vendors are assessed and reviewed by management. A current and executed agreement is in place with each critical vendor and the agreements are approved by authorized personnel at the Foundation.

Annually, attestation reports (or similar) for critical vendors are obtained and reviewed by management to evaluate the effectiveness of vendor's controls. Complementary user entity controls detailed in attestation reports, if applicable, are evaluated to verify these are addressed by management.



## Section III - Description of the System

### Key Reports

The Foundation's reports are prepared, according to customer requirements. Reports are produced as part of a customer's recurring calculation run and can be generated in a number of different formats (.pdf, .xls, .csv, etc.) that allow for direct consumption or transfer/upload to a separate system requiring that information. The following table presents a listing of the core reports available to clients to support their financial reporting requirements:

Report Name	Description	Source & Preparation
Client Account Statement	Provides Client with a comprehensive breakdown and summary of their Investment Account. The statement also includes all Account Activity transacted during the statement period.	Auto generated typically by the 15 <sup>th</sup> of each month.
Actuarial Present Value Report	Provides significant clients with present value information of gifts managed by the Foundation that have named the client as remainder beneficiary.	Calculations are performed for all accounts under management by Towers-Watson (actuary). Reports are auto generated by Foundation staff annually in January or July depending on the fiscal year end of the client.

### Complementary Subservice Organization Controls

#### *Subservice Organization Controls*

Company utilizes a subservice organization to perform the functions described below to improve operating and administrative effectiveness. Third party personnel are not granted access to Company or User Entity data or the Company systems themselves. The examination by the Independent Service Auditor did not extend to the policies and procedures at these subservice organizations.

The Foundation uses service organizations (subservice organizations) to provide custodial services and application services and to maintain data replicated for backup purposes. The description above does NOT include controls implemented at the subservice organizations. The chart below illustrates controls the Foundation "expects" to be implemented, suitably designed, and operating effectively at subservice organizations to meet the trust services criteria listed below:

The facilities used during the reporting period and the data center hosting services relied upon by Company are listed in Table 1 and Table 2, respectively.

## Section III - Description of the System

### Complementary Subservice Organization Controls (continued)

*Table 1 - Subservice organizations used by the Foundation*

Entity	Facility Location	Services Hosted
SS&C/Innovest (Innotrust)	151 W 42 <sup>nd</sup> St. Suite 600 New York, NY	Trust Processing System
U.S. Bank	505 N 7th St, Saint Louis, MO 63101	Asset Custodian
Keystone IT	4825 Hwy 109 Eureka, MO 63025	IT Infrastructure & Data Backup Managed Service Provider
AWS	410 Terry Avenue North, Seattle, WA 98109-5210	IT Infrastructure & Data Backup

*Table 2 - Control Objective*

Control Objective	Expected Control
<p><b>Control Objective 3:</b> Controls provide reasonable assurance that investment activity is reviewed, and securities income and fees are recorded to client accounts in a complete and accurate manner.</p>	<p>New accounts are set up on the Trust Accounting System by designated units according to request forms from administrators or relationship managers based on the terms of the governing agreement.</p> <p>An account review is conducted to verify the completeness and accuracy of account setup in the Trust Accounting System.</p> <p>Prices manually entered by a Pricing Specialist into the Trust Accounting System are reviewed and verified for accuracy by another member of the Pricing team. The reviewer signs off on the request to evidence performance.</p> <p>Marketable securities that do not receive a vendor price as of the last business day are reviewed and researched by the Pricing team. If no price is available, a report of those securities is prepared by the Pricing team and is provided to management for review. Management reviews the analysis monthly as evidenced by sign-off.</p> <p>The daily NAV calculation is prepared and reviewed for accuracy and reasonableness by a separate member of the NAV team.</p>

## Section III - Description of the System

Control Objective	Expected Control
<p><b>Control Objective 5:</b> Controls provide reasonable assurance that logical access to systems and applications is restricted to authorized users.</p>	<p>Access to the client's accounts require submittal of such request by the client and a secondary review and approval is performed internally.</p> <p>Data is protected by industry standard encryption during the entire synchronization, storage, and replication process.</p> <p>Vulnerability assessments are performed at least annually.</p> <p>Innovest performs vulnerability scans monthly and uses a third party to perform penetration tests on the InnoTrust application environment annually. Results are reviewed and mitigating strategies and/or controls are subsequently put into place for critical items noted.</p> <p>Innovest employee and contractor user account reviews are performed on an annual basis</p> <p>Firewalls are configured to capture activity logs/reports to detect anomalies, including any security incidents.</p>
<p><b>Control Objective 6:</b> Controls provide reasonable assurance that physical access to facilities is restricted to authorized personnel and safeguards are established to provide protection of physical assets.</p>	<p>Physical access to facilities that house IT resources, servers, and related hardware such as firewalls and routers is restricted to authorized individuals by key systems and monitored by video surveillance.</p> <p>Physical access cards are managed by building employees. Access card usage is logged and reviewed by employees.</p> <p>Operational monitoring systems are in place and include periodic reports of aggregate data from calls, alarms and problems from facilities and includes data for capacity and usage.</p> <p>Access to Innovest offices is restricted by badge access.</p> <p>Innovest restricts its employee access to the DRR datacenter to personnel approved by the Chief Systems Engineer. Physical access to the production servers at the Cyxtera owned datacenter is restricted to CenturyLink and Cyxtera personnel and visitors are escorted.</p>
<p><b>Control Objective 7:</b> Controls provide reasonable assurance that implementation of new and/or changed queries are authorized, tested, approved, and documented.</p>	<p>Application changes are tested by members of QA in a test environment to validate functionality, and tested by the client in a staging environment before promotion to production.</p> <p>Application changes are approved by the Operations and/or Product Delivery team prior to being migrated to production.</p>

## Section III - Description of the System

### Complementary User Entity Controls

The Foundation's processing of transactions and the controls over the processing were designed with the assumption that certain controls would be placed in operation at user organizations. This section describes some of the controls that should be in operation at user organizations to complement the controls at the Foundation. User auditors should determine whether user organizations have established controls to ensure that:

- Instructions and information provided to the Foundation from clients or the governing instrument are authorized and in accordance with the provisions of the agreement, or other applicable governing agreements or documents between the Foundation and the user.
- Timely written notification of changes is adequately communicated to the Foundation, regarding the client's investment objectives.
- Timely written notification of changes in the designation of individuals authorized to instruct the Foundation regarding activities, on behalf of the client, is adequately communicated thereto.
- Timely review of reports provided by the Foundation of account balances and related activities is performed by the client and written notice of discrepancies is provided to the Foundation.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Objectives of the Review

This report, when combined with an understanding of the controls at user entities, is intended to assist auditors in planning the audit of user entities' financial statements or user entities' internal control over financial reporting and in assessing control risk for assertions in user entities' financial statements that may be affected by controls at the Foundation.

Our examination was limited to the control objectives and related controls specified by the Foundation in Sections III and IV of the report and did not extend to controls in effect at user entities.

It is the responsibility of each user entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess total internal control. If internal control is not effective at user entities, the Foundation's controls may not compensate for such weaknesses.

The Foundation's internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by the Foundation. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by the Foundation, we considered aspects of the Foundation's control environment, risk assessment process, monitoring activities, and information and communications.

### Tests of Operating Effectiveness

Armanino's tests of the operating effectiveness of controls included tests that were considered necessary to evaluate whether the controls were sufficient to provide reasonable, but not absolute, assurance that the control objectives were satisfied throughout the report period. In selecting our test procedures, we considered various factors including, but not limited to, the following:

- the nature of the control being tested and its frequency
- the types and completeness of available evidence
- the control objectives to be satisfied
- the degree to which the control relies on the effectiveness of other controls
- whether the control is manual or automated
- the expected efficiency and effectiveness of the test.

Our tests of controls included observations, inspections, reperformance, and inquiries of appropriate management, supervisory, and staff personnel seeking relevant information regarding the controls. Additionally, the following table clarifies certain terms used in this section to describe the nature of the tests performed.

Test	Description
Inquiry	Inquiry of appropriate personnel and corroboration with management
Observation	Observation of the application, performance, or existence of the control
Inspection	Inspection of documents and reports indicating performance of the control
Reperformance	Reperformance of the control

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Tests of Operating Effectiveness (continued)

In addition, as required by paragraph .36 of AT-C section 205, Examination Engagements (AICPA, Professional Standards), and paragraph .30 of AT-C section 320, when using information produced (or provided) by the service organization, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes.

### Tests of Design and Implementation

Since inquiry of each control and inspection of the related policies was performed throughout our testing, these test procedures are not specified for each individual control and it is understood they apply as needed to controls in the subsequent pages.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 1 - New Customer Setup

Controls provide assurance that new customers are set up in the Foundation systems completely and accurately.

Control Ref #	Company's Control Description	Test Procedure	Test Result
1.01	Executed investment agreements are required on new accounts and are approved by an authorized representative of the LCMS Foundation.	Inspected a sample of new accounts to determine whether investment agreements were executed by the client and approved by an authorized representative of the LCMS Foundation.	No exceptions noted.
1.02	New account information is entered into the trust accounting system by Trust Services Gift Processing and independently reviewed by the Client Relations Managers.	Inspected a sample of new accounts to determine whether account information was accurately entered into the system and independently reviewed by the Client Relations Managers.	No exceptions noted.
1.03	An independent review of the valuation of assets/additions received is performed by the Client Relations Manager or Investment Administrator as evidenced by the sign-off on the principal contribution/journal entries worksheet.	Inspected a sample of client additions to determine whether an independent asset valuation review was by the Client Relations Manager or Investment Administrator.	No exceptions noted.
1.04	The trust accounting system is configured to invest clients' funds in accordance with their executed investment agreements or new or revised Letters of Direction.	Inspected a sample of client additions to determine whether funds were invested in accordance with the most recent investment agreement or Letter of Direction.	No exceptions noted.
1.05	Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Manager to only prepare investment and redemption requests, and the Trust System Manager and Analysts only processing transactions.	Inspected a sample of client additions and withdrawals to determine whether the transactions were prepared by the Client Relations Manager and processed by the Trust System Manager or Analyst.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 1 - New Customer Setup

Controls provide assurance that new customers are set up in the Foundation systems completely and accurately.

Control Ref #	Company's Control Description	Test Procedure	Test Result
1.06	Changes to existing account information (address, remittance, and investment preferences), are entered into the trust accounting system by Trust Services Gift Processing and independently reviewed by the Client Relations Manager.	Inspected a sample of existing account changes to determine whether account information was accurately entered into the system by Trust Services Gift Processing and independently reviewed by the Client Relations Manager.	No exceptions noted.



## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 2 - Authorization and Processing of Client Withdrawals

Controls provide reasonable assurance that client withdrawals are authorized and processed in a complete and accurate manner.

Control Ref #	Company's Control Description	Test Procedure	Test Result
2.01	Account withdrawals are required to be authorized by the client or an authorized representative.	Inspected a sample of withdrawals to determine whether these were approved by the client or authorized representative prior to disbursement.	No exceptions noted.
2.02	Account withdrawals are approved by the Client Relations Managers.	Inspected a sample of withdrawals to determine whether these were approved by the Client Relations Managers prior to disbursement.	No exceptions noted.
2.03	Distribution requests are verified for accuracy by the Client Relations Managers against the Check Request Edit List (check register).	Inspected a sample of withdrawals to determine whether withdrawal requests were reviewed for accuracy against the Check Request Edit List by the Client Relations Managers.	No exceptions noted.
2.04	Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Managers to only prepare investment and redemption requests, and the Trust System Manager and Analysts only processing transactions.	Inspected a sample of client additions and withdrawals to determine whether the transactions were prepared by Client Relations Managers and processed by the Trust System Manager or Analyst.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 3 - Review and Processing of Investment Activity and Income

Controls provide reasonable assurance that investment activity is reviewed, and securities income and fees are recorded to client accounts in a complete and accurate manner.

Control Ref #	Company's Control Description	Test Procedure	Test Result
3.01	The Statement of Investment Policies and Objectives, which outlines the Foundation's investment strategies and guidelines, is reviewed and approved annually by the Board of Trustees.	Inspected Board of Trustees meeting minutes to determine whether the Statement of Investment Policies and Objectives was reviewed and approved by the Board in the past 12 months.	No exceptions noted.
3.02	Quarterly, the Investment Consultant reviews the Investment Managers' compliance with the Board's guidelines and policies. Results of this review are included in the quarterly Investment Summary report reviewed by the Board of Trustees.	Inspected a sample of quarterly Investment Summary reports to determine whether the reports prepared by the Investment Consultant were presented to and reviewed by the Board of Trustees.	No exceptions noted.
3.03	Monthly, the Statement of Condition is reconciled against the trust accounting system and U.S. Bank statements for all accounts comprising the Foundation's investment funds. These are reviewed and approved by the VP of Investment Research & Operations or Analyst.	Inspected a sample of investment funds to determine whether the Statements of Condition were reconciled against the trust processing system and U.S. Bank and approved by the VP of Investment Research & Operations or Analyst.	No exceptions noted.
3.04	Monthly, the income distribution is posted in the trust accounting system by an Investment Operations Analyst and reviewed by the Trust System Manager.	Inspected a sample of investment funds to determine whether income distribution was posted monthly in the trust processing system by an Investment Operations Analyst and reviewed by the Trust System Manager.	No exceptions noted.
3.05	Fees at the account level, as defined in the account agreement, are automatically calculated by the trust accounting system once income is posted in the trust accounting system.	Inspected a sample of account fees to determine whether fees were calculated automatically and accurately in accordance with the account's fee schedule.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 4 - Review of Present Value Data

Controls provide reasonable assurance that present value data is reviewed for reporting accuracy and completeness of input data and report output.

Control Ref #	Company's Control Description	Test Procedure	Test Result
4.01	Beneficiary birth/death dates and salutations/gender fields for split interest accounts are reviewed by the Client Services Group to validate appropriate fields are populated.	Inspected the most recent present value extract to determine whether it was reviewed for accuracy by the Client Services Group.	No exceptions noted.
4.02	The present value of split interest accounts report is prepared annually by the Investment Consultant. The Client Services Group reviews the third-party actuary results for errors or issues.	Inspected the annual present value of split interest accounts report to determine whether it was reviewed for errors or issues by the Client Services Group.	No exceptions noted.
4.03	Semi-annually, Client Services Group reviews Berwyn Group's report of income recipients for reported deaths. Pertinent death date information is updated within the system for accurate present value reporting.	Inspected the most recent unreported death report to determine whether it was completed by both Client Services Group and Berwyn Group.  Inspected a sample of clients in which an unreported death was identified to determine whether the date of death was recorded in Innovest.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 5 - Review of Trade Activities

Controls provide reasonable assurance that trade activities are reviewed accurately and timely.

Control Ref #	Company's Control Description	Test Procedure	Test Result
5.01	Trades are entered, uploaded via Excel FileIn (sent to Investment Operations Analyst) or created via Portfolio Rebalancing tool in the trust accounting system by Client Relations Managers and reviewed for accuracy by a separate member of the Client Services Group.	Inspected a sample of trades entered into the trust accounting system by Client Relations Managers to determine whether they were reviewed by a separate member of the Client Services Group for accuracy.	No exceptions noted.
5.02	Pending Trade Order Review reports are reviewed each month by the Client Services Group for errors. Corrections, if required, are made by the appropriate Client Relations Manager.	<p>Inspected a sample of Pending Trade Order Review reports to determine whether the reports are reviewed each month by the Client Services Group.</p> <p>Inspected evidence of the corrections of errors within the sampled report, if any, to determine whether they are made by the appropriate Client Relations Manager.</p>	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 6 - Logical Security

Controls provide reasonable assurance that logical access to systems and applications is restricted to authorized users.

Control Ref #	Company's Control Description	Test Procedure	Test Result
6.01	Logical access to the U.S. Bank system is restricted based upon job responsibilities and supports an effective segregation of duties.	Inspected a list of users with access to the U.S. Bank system to determine that access to the system is appropriate based on job responsibilities.	No exceptions noted.
6.02	Access to the Foundation's systems and network are restricted through Active Directory credentials.	Inspected password configurations for Active Directory and foundation systems to determine that access is restricted through Active Directory credentials.	No exceptions noted.
6.03	Password complexity standards enforce control over access to computer systems	Inspected password configurations to determine whether passwords are configured to the Foundation password policy.	No exceptions noted.
6.04	A Network Service Request Form is completed when provisioning or deprovisioning employee system access. The completion of this form is evidenced in the New Employee / Termination Checklist signed off by the Sr. VP Finance and Administration.	Inspected a sample of new hires and terminated employees to determine that the corresponding New Employee checklist or Termination checklist was completed, including the task for Network Service Request form, and the checklist was signed off by the Sr. VP Finance and Administration.	No exceptions noted.
6.05	An annual review of user access is performed by management.	Inspected the annual review to determine whether management approved annual review of user access.	No exceptions noted.
6.06	Unique user ID and password are required for network access.	Inspected Active Directory report to determine whether user IDs and passwords are required and unique for network access.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 7 - Physical Security

Controls provide reasonable assurance that physical access to facilities is restricted to authorized personnel and safeguards are established to provide protection of physical assets.

Control Ref #	Foundation's Control Description	Test Procedure	Test Result
7.01	Access to the Foundation building requires authentication with a valid badge. Visitor access to the building is logged and visitors are escorted to prevent unauthorized access.	Observed the presence of proximity badges required for entry into the building outside of the main door and the receptionist requiring visitors to sign a log.	No exceptions noted.
7.02	Access to the Foundation outside of regular business area is restricted to authorized personnel.	Observed the doors to the main entrance being locked outside of business hours, and other entries being locked with proximity badges required to open them.	No exceptions noted.
7.03	Physical assets (check stock, deeds, etc.) are stored in a secured vault. Additionally, the server room and the vault are locked, and access restricted to authorized personnel.	Observed the locked server room and secured vault.  Inspected the listing of employees with access to the secured vault and server room to determine whether access is restricted to authorized personnel.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 8 - Change Management

Controls provide reasonable assurance that implementation of new and/or changed queries are authorized, tested, approved, and documented.

Control Ref #	Foundation's Control Description	Test Procedure	Test Result
8.01	Change management procedures are in place to provide guidance for reporting query development.	Inspected the change management procedures to determine whether procedures are in place and include guidance on how to request a change including adding or changing a query.	No exceptions noted.
8.02	Testing of changes to queries are conducted prior to the query being used in the production environment.	Inspected a sample of changes to determine whether changes were conducted in a production environment.	No exceptions noted.
8.03	New or changes to queries are reviewed by an independent person other than the preparer.	Inspected a sample of queries to determine whether the queries were reviewed by an independent person other than the preparer.	No exceptions noted.
8.04	Only authorized personnel have access to completed queries.	Inspected access screenshots to determine whether only authorized personnel have access to completed queries.	No exceptions noted.

## Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

### Control Objective 9 - Vendor Management

Controls provide reasonable assurance that management has proper oversight and contracting procedures over third-party services providers.

Control Ref #	Foundation's Control Description	Test Procedure	Test Result
9.01	A Vendor Management policy, which provides guidance for identifying, measuring, monitoring, and mitigating risks associated with third party providers, is included in the Standard Operating Policies and Procedures which is presented annually to the Foundation management.	Inspected the Vendor Management policy to determine whether it was reviewed annually and provides guidance for identifying, measuring, monitoring, and mitigating risks associated with third party providers.	No exceptions noted.
9.02	Annually, attestation reports (or equivalent) for critical vendors are obtained and reviewed by management to evaluate the effectiveness of the vendor's controls. Complementary user entity controls detailed in attestation reports, if applicable, are evaluated to verify these are addressed by management.	Inspected a sample of critical vendors to determine whether documentation evidencing that an attestation report (or equivalent), including complementary user entity controls, was reviewed by the Foundation management.	No exceptions noted.
9.03	Annually, critical vendors are assessed and reviewed by management.	Inspected the most recent annual vendor risk assessment to determine whether it was performed.	No exceptions noted.
9.04	Executed agreements are in place with critical vendors and are approved by the appropriate level of management.	Inspected a sample of critical vendors to determine whether an executed service agreement is in place and was approved by the appropriate level of management.	No exceptions noted.