Collegis, LLC

System and Organization Controls (“SOC”) for
Service Organizations Report 3 (SOC 3®)

Report on Collegis’ Connected University System
Relevant to Security

For the period March 1, 2017, to February 28, 2018

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Independent Service Auditor’s Report

Independent Service Auditor's Report

To Collegis, LLC

Scope

We have examined Collegis, LLC's accompanying assertion titled "Management's Assertion Provided by Collegis" (assertion) that the controls within the Collegis Connected University system ("Collegis CU system") were effective throughout the period March 1, 2017, to February 28, 2018, to provide reasonable assurance that Collegis, LLC's service commitments and system requirements were achieved based on the criteria for the security principle set forth in the American Institute of Certified Public Accountants ("AICPA") *TSP 100A, Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (applicable trust services principle).

Service Organization's Responsibilities

Collegis, LLC ("Collegis") 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 its service commitments and system requirements were achieved. Collegis has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, Collegis 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 Collegis' 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 Collegis' service commitments and system requirements based the applicable trust services criteria.

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

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 their nature, controls may not always operate effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the effectiveness of controls is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, management's assertion that the controls within Collegis' CU system were effective throughout the period March 1, 2017, to February 28, 2018, to provide reasonable assurance that Collegis' service commitments and system requirements were achieved based on the applicable trust services principle is fairly stated, in all material respects.

FGMK, LLC

Chicago, Illinois
April 23, 2018

Section 2

Management’s Assertion Provided by Collegis

Management's Assertion Provided by Collegis

We are responsible for designing, implementing, operating, and maintaining effective controls within the Collegis Connected University system ("Collegis CU system") to provide reasonable assurance that the commitments and system requirements relevant to security are achieved. Our description of the system is presented in Section 3 of this report 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 February 28, 2018, to provide reasonable assurance that our commitments and system requirements were achieved based on the criteria for the security principle set forth in the AICPA *TSP 100A, Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (applicable trust services principle).

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 Collegis CU system were effective throughout the period March 1, 2017, to February 28, 2018, to provide reasonable assurance that our service commitments and system requirements were achieved based on the applicable trust services principle and criteria.

Collegis, LLC

Section 3

Collegis' Description of Its Connected University System

Collegis' Description of Its Connected University System

Company Overview

Collegis, LLC ("Collegis," "Collegis Education," or the "Company") is an education industry services company that offers custom solutions for colleges and universities nationally. At Collegis, both our approach and our secure technology platform are rooted in the knowledge that can only come from deep experience in higher education.

We understand the challenges institutions face to reach students, grow enrollments and, most importantly, improve student outcomes. We understand them because, for decades, we have assisted a diverse range of schools across the United States overcome those same challenges. What we learned along the way has shaped where we are today and has been instrumental in the design and delivery of our educational services and solutions.

The Collegis Connected University System

Collegis believes that technology plays a critical role in supporting strategic initiatives and, particularly, enrollment revenue goals. The concept of a "Connected University" is rooted in the idea of an integrated enrollment management plan that is stratified across institutional departments and supported by an inter-connected technology ecosystem that provides a number of significant tangible benefits including:

- enrollment growth through decisions that leverage data from each area of the technology ecosystem;
- students, faculty, and staff that are highly satisfied with easy-to-use technology and IT support;
- operational efficiencies across the student lifecycle;
- strong synergy between business strategy, requirements, and technology;
- responsive team that leverages depth of higher education experience; and
- technology capabilities that drive new and innovative academic program launches.

Our approach to managing and delivering IT services goes well beyond simply supporting the systems. A strong information technology infrastructure for a university has three key facets: (1) support that allows student/faculty/staff to maintain day-to-day application and system functionality, (2) project delivery and engineering to execute change activity for both academic and institutional purposes, and (3) strategic direction that aligns university and technology objectives and guides the technology roadmap. With the belief that all three facets are critical for enabling a university to achieve its goals, our IT managed services purposely incorporate operations, projects, and strategy into a cohesive model. The more we understand about the institutional strategy, the more we can ensure that current and next-generation technology enable enrollment growth, higher student retention, stronger student outcomes, more focused faculty, more productive staff, and better student experiences.

Also, cybersecurity continues to be a concern for higher education institutions. Security incidents within higher education have seen year-over-year growth as threats continue to evolve fast than the defense strategies of most technologies. The impact of a data breach includes reputation damage, productivity loss, forensic investigation, regulatory compliance consequences, and technical support issues. Collegis understands the importance of protecting information that is vital to the operations of higher education institutions. As such, Collegis designed the Connected University ("CU") system with security in mind and has implemented controls specifically to mitigate risk of security issues and incidents.

The following sections describe the components of the Collegis CU system that are in scope of this report:

1. **Infrastructure:** physical structures, IT, and other hardware (for example, facilities, computers, equipment, mobile devices, and telecommunication networks);
2. **Software**: application programs and IT system software that support application programs (operating systems, middleware, and utilities);
3. **People**: personnel involved in the governance, operation, and use of the system (developers, operators, entity users, vendor personnel, and managers);
4. **Processes**: the automated and manual procedures; and
5. **Data**: transaction streams, files, databases, tables, and output used or processed by the system.

Infrastructure

The Collegis CU System infrastructure includes a primary and backup data center, both located in the U.S. The data centers comprise the server infrastructure, networking components (firewalls, routers, and switches), and data storage arrays. The backup data center contains a similar configuration. The people who maintain this infrastructure are located on-site. Collegis Education has implemented formal controls to manage this infrastructure, and both data center locations are restricted to authorized individuals.

In addition, the Collegis CU System has developed with a layered security model that includes IP filtering technologies, internal and external next-generation firewalls, ASA (Adaptive Security Appliance) firewalls, load balancing, and a demilitarized zone ("DMZ") at the external edge to allow traffic in and out of the public internet.

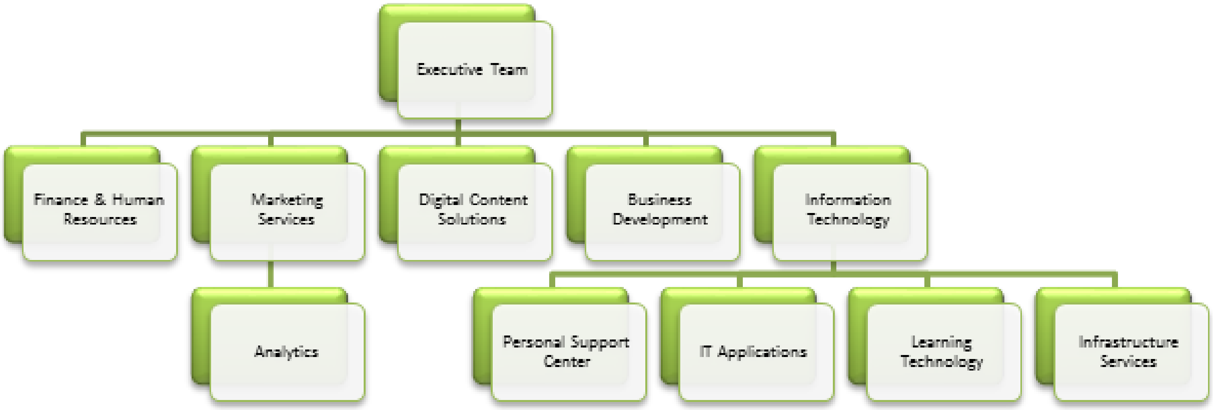
Software

Collegis uses and supports a variety of software applications to provide solutions to its customers. Moodle is a learning management system ("LMS") platform designed to provide educators, administrators, and learners with a single robust, secure, and integrated system for creating personalized learning environments. Although Collegis is experienced with managing various LMS applications for its partners and customers, Moodle is the only LMS that is in-scope for this SOC 3® report.

Collegis uses name-brand software products for networking, intrusion protection/detection, antimalware, user authentication, and monitoring of the Collegis CU system. Also, our system backup software is scalable and secure, and runs nightly backups using a disk-based system with backup data stored in our backup data center.

People

The Collegis CU System provides a framework for planning, executing, and maintaining educational business operations. Executive leadership has established an organizational structure that clearly defines each team's authorities, responsibilities, and reporting lines. This structure is organized as follows:



Collegis Education follows a structured on- and off-boarding process to familiarize employees with processes, systems, security practices, policies and procedures. Employees are provided with an on-boarding packet that contains the code of conduct and ethics of the organization, and all employees are required to complete annual security training to heighten awareness regarding current risks in IT.

Data

Collegis understands that we are stewards of our customers' data. As such, the protection of our customers' data is paramount. Collegis uses a distributed application architecture ("DAA") as one of its most common development processes. Contingent on the contract arrangements, Collegis may collect, store, and process all or part of an educational institutions data.

The Moodle LMS application is an open-source application that Collegis has adopted and modified to contain very specific functions and features for our customers. The revisions made by Collegis to this application are kept within a code repository to maintain version control and is only available to a specific set of LMS engineers.

Processes

Collegis understands that an effective control environment begins at the top and permeates throughout the organization. Collegis consistently communicates the importance of internal controls during daily activities and company meetings. Collegis also established processes, procedures, and controls to ensure that information relevant to the Collegis CU system is protected as expected by Collegis customers. Specific examples of relevant policies and procedures include but are not limited to the following:

- Organization of Information Security
- Responsibility for Assets
- Data Classification
- Human Resource Security
- Physical and Environmental Security
- Communications and Operations Management
- System Planning Acceptance
- Backup Policy
- Media Handling, Retention and Disposal Policy
- Exchange of Information
- User Access Management
- User Responsibilities
- Mobile Device Email Access Policy
- Incident Response and Support