
**Report on Control Activities Placed in Operation Pertaining to the
SimpliCD Program of Primary Financial Company LLC**

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Section One

Report of the Independent Accountants



REPORT OF INDEPENDENT ACCOUNTANTS

Primary Financial Company LLC:

We have examined the accompanying description of controls related to the SimpliCD program of Primary Financial Company LLC. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of controls over the SimpliCD program that may be relevant to a user organization's internal control as it relates to an audit of the user organization's financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily and user organizations applied the user controls contemplated in the design of controls over the SimpliCD program, and (3) such controls had been placed in operation as of September 30, 2009. The control objectives were specified by Primary Financial Company LLC. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned applications presents fairly, in all material respects the relevant aspects of controls over the SimpliCD program that had been placed in operation as of September 30, 2009. Also, in our opinion, the controls as described are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied the user controls contemplated in the design of controls over the SimpliCD program.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in Section Two, to obtain evidence about their effectiveness in meeting the control objectives, described in Section Two, during the period from October 1, 2008 to September 30, 2009. The specific controls and the nature, timing, extent, and results of the tests are listed in Section Four. This information has been provided to user organizations of the SimpliCD program of Primary Financial Company LLC and to their auditors to be taken into consideration, along with information about the internal controls at user organizations, when making assessments of control risk for user organizations. In our opinion the controls that were tested, as described in Section Two, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section Two were achieved during the period from October 1, 2008 to September 30, 2009.

The relative effectiveness and significance of specific controls at Primary Financial Company LLC over the SimpliCD program and their effect on assessments of control risk at user organizations are dependent on their interaction with the controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of controls at individual user organizations.

The description of controls at Primary Financial Company LLC over the SimpliCD program is as of September 30, 2009 and information about tests of the operating effectiveness of specific controls covers the period from October 1, 2008 to September 30, 2009. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the system in existence. The potential effectiveness of specific controls at Primary Financial Company LLC over the SimpliCD program is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes may alter the validity of such conclusions.

This report is intended solely for use by the management of Primary Financial Company LLC, its customers of the SimpliCD program, and the independent auditors of its customers of the SimpliCD program.

October 21, 2009

CONDIT AND ASSOCIATES LLC

Section Two

Description of Controls at Primary Financial Company LLC
Over the SimpliCD Program

DESCRIPTION OF CONTROLS AT PRIMARY FINANCIAL COMPANY LLC OVER THE SIMPLI CD PROGRAM

I. Overview and Background

Primary Financial Company LLC (Primary) is a leader in institutional investment services. Formed in 1996, Primary is a corporate credit union service organization (CUSO). Primary offers a turnkey program, called SimpliCD, which enables its customers to invest in federally insured certificates of deposit (CDs). Primary earns a spread over the term of the CD for performing the services of the SimpliCD program. Through the SimpliCD program, customers have access to competitive rates from a nationwide pool of CD issuing financial institutions. Whether a customer is purchasing one CD or many, the entire amount is settled in one transaction. SimpliCD tracks and monitors all payments received from multiple CD issuing institutions and ensures that they are processed correctly. An Investment and Interest Summary is sent to customers on a monthly basis and details the customer's entire SimpliCD portfolio. Additionally, customers receive one consolidated monthly payment for their entire SimpliCD portfolio. SimpliCD only offers CDs from institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). Also, within the SimpliCD program, the SimpliCD processing system assures that customers are placed in no more than \$250,000 in principal in any financial institution.

As a corporate CUSO, Primary was established in accordance with the provisions of the National Credit Union Administration (NCUA) regulations and the Ohio Revised Code. Primary is governed by a board of directors (the Board). In addition, Primary has entered into an agreement with Corporate One FCU, an owner of Primary, whereby for a fee Corporate One provides certain accounting and marketing services to Primary. There are also various functional departments that manage and perform the daily operations of Primary and the SimpliCD program. The trading department is primarily responsible for obtaining current rates from issuing institutions, performing financial reviews and insurance verification of issuing institutions, making rates available to SimpliCD customers and purchasing CD assets. The operations department is primarily responsible for processing all cash flow related to the SimpliCD program and ensuring that safekeeping receipts are received and reviewed for accuracy. Primary manages its own information systems and relies on third parties for payroll, benefit administration, and other human resource functions. The sales staff of the SimpliCD program is primarily made up of co-brokers, mainly corporate credit unions. The co-brokers earn a portion of the spread for CDs sold by them.

II. Control Objectives and Activities

This description is intended to provide customers of Primary's SimpliCD program and their independent auditors with information regarding the aspects of Primary's control activities surrounding certain processes for the SimpliCD program, specifically the trading, safekeeping and settlement of federally insured CDs. This description does not encompass every aspect of Primary's activities or services, as certain other activities are not considered relevant to the trading, safekeeping and settlement of federally insured CDs.

A. Trading

Control Objectives/ Control Activities
Controls are in place to provide reasonable assurance that issuing financial institutions properly title each CD.
Upon purchase, instructions are sent by Primary to the issuing financial institution on how to properly title the CD. Titling on the safekeeping receipt is subsequently reviewed to ensure compliance with the original instructions (see section B. Safekeeping for more information).
Controls are in place to provide reasonable assurance that for each customer no more than \$250,000 of investments can be purchased in any single financial institution.
The process of comparing the underlying issuing financial institution for new CD purchase requests to existing deposits of the customer is an automated process performed by the SimpliCD processing system. The SimpliCD processing system will not allow a trade for a customer if an existing deposit is found. No manual intervention or override capabilities exist.
Controls are in place to provide reasonable assurance that each CD is sold to only one customer.
When Primary's trading desk attempts to match an open purchase request to a CD asset on the SimpliCD processing system, the system compares the dollar amounts and will not allow trades in excess of the asset. Once a purchase request is matched to a CD asset, the SimpliCD processing system will not allow the trade to be unlocked from the CD asset.
Operations performs a reconciliation of the SimpliCD processing system daily to verify that CD assets from the prior day plus current day sales less current day maturities agree to the total CD asset balance on the SimpliCD processing system at the end of the day.
Controls are in place to provide reasonable assurance that CDs are only sold for FDIC/NCUSIF insured financial institutions.
The issuer profile within the SimpliCD processing system requires the trading desk to obtain and enter the issuer's insurance number prior to Primary selling any CDs for the issuer.
On a quarterly basis, the trading desk performs a review of all issuers to ensure that Primary has updated the issuer profile on the SimpliCD processing system for name changes or mergers.

B. Safekeeping

Control Objectives/ Control Activities
Controls are in place to provide reasonable assurance that Primary's safekeeping records for SimpliCD are complete and accurate.
Customer profiles are set-up in the SimpliCD processing system by the trading desk. Customer profiles are populated based on information from the customer agreements and include name, address, tax ID, routing and transit number and settlement instructions. The SimpliCD processing system does not allow Primary's operations department to make changes to customer profiles.
When a trade ticket is opened for a new CD purchase, the customer data associated with the individual trade is automatically populated from the customer profile.
The SimpliCD processing system generates the customers monthly statements based on the customer data associated with each trade.
The titling, dollar amount, rate, settlement date, maturity date and asset number on the safekeeping receipt is verified against the corresponding data on the SimpliCD processing system.
Reports are run regularly to determine which safekeeping receipts have not been received. Primary's operations department performs manual follow up for safekeeping receipts not received.
Corrections to safekeeping receipts are worked manually by Primary's operations department before they are filed.
Safekeeping receipts are filed and maintained for six years after the CD has matured.

C. Settlement

Control Objectives/ Control Activities
Settlement of Purchases
Controls are in place to provide reasonable assurance that incoming funds from customers are properly accounted for and principal is properly remitted to the issuers.
Real time checks are performed throughout the day to determine which trades Primary's customers have not funded.
Real time checks are performed throughout the day to determine which CD asset purchases Primary has not funded.
Primary's operations department researches and resolves unfunded customer purchase requests and CD asset purchases throughout the day.
The operations department verifies that the name on the wire of incoming customer principal agrees with the name on the original trade ticket.
The incoming and outgoing wire account for principal is reconciled daily by Primary's operations department.
The incoming and outgoing wire account for principal is reconciled monthly by Primary's accounting department.
Settlement of Interest
Controls are in place to provide reasonable assurance that payment of interest to customers is accurate and timely.
The calculation and payment of interest to customers is an automated process performed by the 5 th day of every month by the SimpliCD processing system.
Controls are in place to provide reasonable assurance that receipt of interest from issuers is accurate and timely.
Reports are generated regularly that compare expected interest calculated by the SimpliCD processing system versus actual interest received from the issuer. Variances greater than 3% are researched and resolved by Primary's operations department.
Settlement of Maturities
Controls are in place to provide reasonable assurance that principal is received from issuers and properly remitted to Primary's customers.
The SimpliCD processing system generates reports daily listing all CDs maturing that day. Primary's operations department manually works the report to determine which CDs are being renewed versus actually maturing. Primary's operations department follows up on maturities for which funds have not been received from the issuer and remitted to the customer.
The incoming and outgoing wire account for principal is reconciled daily by Primary's operations department.
The incoming and outgoing wire account for principal is reconciled monthly by Primary's accounting department.

C. Settlement (continued)

Control Objectives/ Control Activities
Settlement of Investments in Failed Institutions
Controls are in place to provide reasonable assurance that principal is received from issuers and properly remitted to Primary's customers for bank and credit union failures.
The trading desk is notified by FDIC/NCUA about any financial institution failures.
Once notification is received a claims form is completed to collect funds from the failed institution and investors with investments in the institution are immediately notified.
Any changes in rates to be paid by the failing institution are communicated to the investing credit unions.
Monitoring of the collections status of failed institutions consists of daily communication with the trading desk as well as daily monitoring of the wire account for funds to be received and follow up with the regulatory entity when necessary.
The funds for principal and interest from the failed institution are received via ACH and forwarded immediately to investors.

D. General System Controls

Control Objectives/ Control Activities
Controls are in place to provide reasonable assurance that SimpliCD data is protected from unauthorized or unintentional access, modification, addition or deletion.
Authorities and passwords have been established to ensure access to Primary's servers and applications is secured.
Privileges to Primary's applications are granted based on job requirements.
Direct access to Primary's production libraries and production data is limited to the IT department through logical access privileges.
Physical security controls are in place to provide reasonable assurance that access to programs, data and data communications is restricted to authorized users and that computer resources are reasonably protected.
Key cards are required to enter Primary's building 24 hours a day, seven days a week.
Access to Primary's data center is also limited to badge swipe authorization, which is granted, based on job requirement.
Primary's data center is equipped with fire detection and prevention equipment.
Each server has its own uninterruptible power supply.
The IT department has procedures in place to ensure only authorized and tested changes are made to the SimpliCD processing system.
A documented and tested disaster recovery plan is in place.
Third party monitoring and testing of internet vulnerabilities is performed by a third party internet security provider

Section Three

User Control Considerations

USER CONTROL CONSIDERATIONS

Primary's controls surrounding the trading, safekeeping and settlement of federally insured CDs were designed under the assumption that certain internal controls would be implemented by customers of the SimpliCD program. This report section describes other internal controls that should be in operation at the customers' organizations to complement the controls in place at Primary. The auditors of SimpliCD customers should consider whether the following controls have been placed in operation at the customers' organizations:

- Customers should review their monthly statements from Primary for accuracy, including verification of the rate, amount, and maturity date.
- Customers should reconcile their monthly receipt of interest and/or principal from Primary to their own books and records.
- Customers should perform their own review of the safety and soundness of the issuing financial institutions.
- Customers should review their portfolio of CDs, whether purchased through Primary or otherwise, to ensure they do not exceed the insurance limit.

Section Four

Information Provided by the Service Auditor

INFORMATION PROVIDED BY THE SERVICE AUDITOR

This section is intended to provide interested parties with information sufficient to obtain an understanding of those aspects of Primary Financial Company LLC's internal control structure policies and procedures over the SimpliCD program that may be relevant to user organization's internal control structure, and reduce the assessed level of control risk below the maximum for certain financial statement assertions.

The broad objectives of investing controls over the SimpliCD program should be achieved by a combination of the procedures that are employed in various segments of the investment process which includes both procedures performed at Primary Financial Company LLC and procedures performed by customers who invest in certificates of deposit through the SimpliCD program.

For each of the control objectives listed below, only those control procedures, which contribute to the attainment of the related control objective, are described and were tested.

GENERAL CONTROLS PLACED IN OPERATION AND TESTS OF OPERATING EFFECTIVENESS

TRADING ACTIVITIES

Controls are in place to provide reasonable assurance that issuing financial institutions properly title each CD.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
Upon purchase, instructions are sent by Primary to the issuing financial institution on how to properly title the CD. Titling on the safekeeping receipt is subsequently reviewed to ensure compliance with the original instructions (see section B. Safekeeping for more information).	Subjected all CDs issued from October 1, 2008 through September 30, 2009 to selection. Randomly selected 40 CDs and sent verification to issuing institutions confirming significant terms of the transactions and the institution's receipt of the titling instructions from Primary Financial Company LLC.	No relevant exceptions were noted.

Controls are in place to provide reasonable assurance that for each customer no more than \$250,000 of investments can be purchased in any single financial institution.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
The process of comparing the underlying issuing financial institution for new CD purchase requests to existing deposits of the customer is an automated process performed by the SimpliCD processing system. The SimpliCD processing system will not allow a trade for a customer if an existing deposit is found. No manual intervention or override capabilities exist.	Performed live tests using dummy transactions on the SimpliCD processing system attempting to purchase CDs on behalf of customers already with CDs through the SimpliCD program. The objective was to have the customer purchase more than \$250,000 with the issuer.	Transactions were locked out and not allowed to be processed. No override capabilities were allowed.

Controls are in place to provide reasonable assurance that each CD is sold to only one customer.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
When Primary's trading desk attempts to match an open purchase request to a CD asset on the SimpliCD processing system, the system compares the dollar amounts and will not allow trades in excess of the asset. Once a purchase request is matched to a CD asset, the SimpliCD processing system will not allow the trade to be unlocked from the CD asset.	Performed live tests attempting to sell CD assets to multiple customers in excess of the amounts available. Using automated audit software matched 100% of the CDs sold to customers during the audit period to the corresponding assets from issuing institutions.	Transactions were locked out and not allowed to be processed. No override capabilities were allowed. No instances were found indicating CDs sold to customers exceeded the assets purchased from issuing institutions.
Operations performs a reconciliation of the SimpliCD processing system daily to verify that CD assets from the prior day plus current day sales less current day maturities agree to the total CD asset balance on the SimpliCD processing system at the end of the day.	Examined documentation prepared by Primary's operations department evidencing that these reconciliations were being performed during the audit period.	No relevant exceptions were noted.

Controls are in place to provide reasonable assurance that CDs are only sold for FDIC/NCUSIF insured financial institutions.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
The issuer profile within the SimpliCD processing system requires the trading desk to obtain and enter the issuer's insurance number prior to Primary selling any CDs for the issuer.	<p>Extracted a complete list of issuing institutions from the SimpliCD processing system including the field representing the institutions' federal insurance identification number and reviewed the list 100% to determine all issuing institutions had numbers assigned.</p> <p>Selected 12 institutions from the list and verified insurance through location of institution on FDIC or NCUA websites, as applicable.</p>	<p>Noted all issuing institutions had a federal insurance identification number.</p> <p>No relevant exceptions were noted.</p>
On a quarterly basis, the trading desk performs a review of all issuers to ensure that Primary has updated the issuer profile on the SimpliCD processing system for name changes or mergers.	Obtained supporting documentation verifying the reviews performed during the audit period.	No relevant exceptions were noted.

SAFEKEEPING ACTIVITIES

Controls are in place to provide reasonable assurance that Primary's safekeeping records for SimpliCD are complete and accurate.		CONTROL OBJECTIVE HAS BEEN MET.
Control Procedure:	Test Description:	Test Results:
<p>Customer profiles are set-up in the SimpliCD processing system by the trading desk. Customer profiles are populated based on information from the customer agreements and include name, address, tax ID, routing and transit number and settlement instructions. The SimpliCD processing system does not allow Primary's operations department to make changes to customer profiles.</p> <p>When a trade ticket is opened for a new CD purchase, the customer data associated with the individual trade is automatically populated from the customer profile.</p> <p>The SimpliCD processing system generates the customers monthly statements based on the customer data associated with each trade.</p>	<p>Selected 20 customers and obtained a copy of their SimpliCD customer agreements. For the customers selected agreed the name, address, tax ID, routing and transit number and settlement instructions to the SimpliCD processing system customer profile data.</p> <p>In addition, selected 8 customers from the customer profile database and performed mock trades on each customer to determine that the information on the trade ticket populated properly. Also examined the optical copy of customer statements for each of the customers selected and verified the information on the statement against the customer profile.</p>	<p>No relevant exceptions were noted.</p> <p>No relevant exceptions were noted.</p>
<p>The titling, dollar amount, rate, settlement date, maturity date and asset number on the safekeeping receipt is verified against the corresponding data on the SimpliCD processing system.</p>	<p>Randomly selected 100 of all CD assets purchased during the audit period from the transaction files and examined actual certificate and related safekeeping information. For each selection, verified that data from the issuing institution substantially matched the data included in the SimpliCD processing system.</p>	<p>No relevant exceptions were noted.</p>

<p>Controls are in place to provide reasonable assurance that Primary’s safekeeping records for SimpliCD are complete and accurate.</p>	<p>CONTROL OBJECTIVE HAS BEEN MET.</p>
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Control Procedure:	Test Description:	Test Results:
<p>Reports are run regularly to determine which safekeeping receipts have not been received. Primary’s operations department performs manual follow up for safekeeping receipts not received.</p> <p>Corrections to safekeeping receipts are worked manually by Primary’s operations department before they are filed.</p> <p>Safekeeping receipts are filed and maintained for six years after the CD has matured.</p>	<p>Discussed the procedures in place and examined spreadsheets and reports maintained to track this information. Determined that files are being maintained.</p>	<p>Found the procedures to be in place and the staff responsible to be knowledgeable with respect to the processes.</p>

SETTLEMENT ACTIVITIES - PURCHASES

Controls are in place to provide reasonable assurance that incoming funds from customers are properly accounted for and principal is properly remitted to the issuers.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
Real time checks are performed throughout the day to determine which trades Primary's customers have not funded.	Discussed daily processes with operations personnel to determine the procedures are in place. Selected a day within the audit period and reconciled all CD purchase activity from the SimpliCD processing system to the cash wire and cash settlement activity for the day. In addition, the activity was reconciled to the corresponding daily general ledger accounting entries.	Found the procedures to be in place and the staff responsible to be knowledgeable with respect to the processes. All transaction activity properly reconciled to the underlying cash and general ledger transactions.
Real time checks are performed throughout the day to determine which CD asset purchases Primary has not funded. Primary's operations department researches and resolves unfunded customer purchase requests and CD asset purchases throughout the day. The operations department verifies that the name on the wire of incoming customer principal agrees with the name on the original trade ticket. The incoming and outgoing wire account for principal is reconciled daily by Primary's operations department.	Discussed daily processes with operations personnel to determine the procedures are in place. Selected a day within the audit period and reconciled all CD purchase activity from the SimpliCD processing system to the cash wire and cash settlement activity for the day. In addition the activity was reconciled to the corresponding daily general ledger accounting entries.	No relevant exceptions were noted. No relevant exceptions were noted.
The incoming and outgoing wire account for principal is reconciled monthly by Primary's accounting department.	Selected three months during the audit period and examined the month end reconciliations and supporting documentation.	Reconciliations were complete, accurate, and in balance.

SETTLEMENT ACTIVITIES - INTEREST

Controls are in place to provide reasonable assurance that payment of interest to customers is accurate and timely.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
The calculation and payment of interest to customers is an automated process performed by the 5 th day of every month by the SimpliCD processing system.	Selected 10 customers with investments in CDs outstanding during the audit period, obtained a sample of month end statement copies that were provided to the customers, tested the calculation of accrued interest and agreed rate, term and amount to the SimpliCD system. For the customers tested, traced the payment of the monthly interest to the appropriate subsequent settlement to assure interest payments were timely and in the correct amounts.	All interest calculations tested were accurate, the underlying data in agreement between the customer statement and the SimpliCD processing system and payments made timely and for the correct amounts.

Controls are in place to provide reasonable assurance that receipt of interest from issuers is accurate and timely.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
Reports are generated regularly that compare expected interest calculated by the SimpliCD processing system versus actual interest received from the issuer. Variances greater than 3% are researched and resolved by Primary's operations department.	Examined the reports used to perform this procedure and discussed the process with operations personnel.	Found the process to be in effect during the audit period and the documentation supporting the resolution of differences and contact with issuing institutions to be thorough.

SETTLEMENT ACTIVITIES - MATURITIES

Controls are in place to provide reasonable assurance that principal is received from issuers and properly remitted to Primary's customers.		CONTROL OBJECTIVE HAS BEEN MET.
Control Procedure:	Test Description:	Test Results:
<p>The SimpliCD processing system generates reports daily listing all CDs maturing that day. Primary's operations department manually works the report to determine which CDs are being renewed versus actually maturing. Primary's operations department follows up on maturities for which funds have not been received from the issuer and remitted to the customer.</p> <p>The incoming and outgoing wire account for principal is reconciled daily by Primary's operations department.</p>	<p>Discussed daily processes with operations personnel to determine the procedures are in place.</p> <p>Selected a day within the audit period and reconciled all CD maturity activity from the SimpliCD processing system to the cash wire and cash settlement activity for the day. In addition, the activity was reconciled to the corresponding daily general ledger accounting entries.</p>	<p>Processes found to be adequate and in place.</p> <p>All transaction activity properly reconciled to the underlying cash and general ledger transactions.</p>
<p>The incoming and outgoing wire account for principal is reconciled monthly by Primary's accounting department.</p>	<p>Selected three months during the audit period and examined the month-end reconciliations and supporting documentation.</p>	<p>Reconciliations were complete, accurate, and in balance.</p>

SETTLEMENT ACTIVITIES – BANK FAILURES

Controls are in place to provide reasonable assurance that principal is received from issuers and properly remitted to Primary’s customers for bank and credit union failures.	CONTROL OBJECTIVE HAS BEEN MET
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Control Procedure:	Test Description:	Test Results:
The trading desk is notified by FDIC/NCUA about any financial institution failures.	Reviewed written procedures in place over failed institution and obtained a listing of all the failed financial institutions from October 1, 2008 to September 30, 2009.	No relevant exceptions were noted
Once notification is received a claims form is completed and filed with the appropriate regulatory authority to collect funds from the failed credit union or bank.	Selected 3 failed financial institutions from the listing provided and reviewed the related claims forms and other documentation related to the collecting of the funds and distribution to the investors.	No relevant exceptions were noted
Any changes in rates to be paid by the failing institution are communicated to the investing credit unions as soon as notification is received.	Discussed the Failure Procedures with operating personnel to determine that the proper processes are in place and are accurately being followed.	No relevant exceptions were noted
The funds for principal and interest from the failed institution are received via ACH to PFC and forwarded through ACH to appropriate investors with principal plus any interest.		
Monitoring of the collections status of failed institutions consists of ongoing communication within the Company and, when appropriate, with the regulators.		

GENERAL SYSTEM CONTROLS

Controls are in place to provide reasonable assurance that SimpliCD data is protected from unauthorized or unintentional access, modification, addition or deletion.	CONTROL OBJECTIVE HAS BEEN MET.
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Control Procedure:	Test Description:	Test Results:
<p>Authorities and passwords have been established to ensure access to Primary’s servers and applications is secured.</p> <p>Privileges to Primary’s applications are granted based on job requirements.</p> <p>Direct access to Primary’s production libraries and production data is limited to the IT department through logical access privileges.</p>	<p>Obtained and reviewed the network directory user permission lists for Primary application accesses and data accesses. In addition, we reviewed the structure of the SimpliCD processing system applications with information technology personnel.</p>	<p>The server structure and authority levels are in place to limit access to appropriate authorized personnel.</p>

Physical security controls are in place to provide reasonable assurance that access to programs, data and data communications is restricted to authorized users and that computer resources are reasonably protected.
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Control Procedure:	Test Description:	Test Results:
<p>Key cards are required to enter Primary’s building 24 hours a day, seven days a week.</p> <p>Access to Primary’s data center is also limited to badge swipe authorization, which is granted, based on job requirement.</p> <p>Primary’s data center is equipped with fire detection and prevention equipment.</p> <p>Each server has its own uninterruptible power supply and a generator.</p>	<p>Physically toured the facility and observed the described physical safeguards. Tested the function of the physical safeguards.</p>	<p>The described physical safeguards are in existence and are functioning.</p>

Physical security controls are in place to provide reasonable assurance that access to programs, data and data communications is restricted to authorized users and that computer resources are reasonably protected.

Control Procedure:	Test Description:	Test Results:
The IT department has procedures in place to ensure only authorized and tested changes are made to the SimpliCD processing system.	Obtained the procedural guidelines in place over the implementation of new or changes to production applications at Primary and tested to determine compliance.	No changes were noted to the SimpliCD processing applications during the audit period.
A documented and tested disaster recovery plan is in place.	Reviewed the written disaster recovery system plan.	The plan was deemed to be adequate and is functional.
Third party monitoring and testing of internet vulnerabilities is performed by a third party internet security provider	Reviewed the most recent report from third party provider evidencing the completion of the review and testing. If applicable, noted that any vulnerability issues noted were appropriately addressed by the Company	No relevant exceptions were noted.