

# Blackbaud Hosting Services™



## Blackbaud SOC 1 Audit Report for Sphere

Blackbaud's Service Delivery Operations has achieved a SOC 1, Type 2, Service Organization Control Report (also referred to as SSAE16) for Sphere. The primary purpose of this report is to provide our clients, and their financial statement auditors, with an understanding of the services being provided. The report also provides a CPA firm's opinion as to whether the description is fairly represented. The SOC 1 examination assesses controls at a service organization, like Blackbaud, that are relevant to clients' internal control over financial reporting. The report provides assurance to clients that our internal controls, relevant to financial reporting, are suitably designed, and in the case of the Type 2 report, whether the controls were operating effectively over a period of time.

## Background

SOC 1 Reporting engagements are performed in accordance with Statement on Standards of Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization. The reports focus entirely on controls at a service organization that are likely to be relevant to the financial statements of our clients. There are two types of SOC 1 Reports:

- Type 1—reports on management's description of controls and their suitability of design related to control objectives as of a specified date.
- Type 2— reports on management's description of controls and their suitability of design related to control objectives throughout a specified period.

Blackbaud's SOC 1 Report for Sphere is a Type 2 report, which covers the period ending December 31, 2012.

## Universal Framework

The American Institute of Certified Public Accountants (AICPA) has authored a universal framework for both the objective examination of controls and the reporting of the relative risks at the service organizations. The AICPA has fine-tuned the SOC 1 report and other reporting options (SOC 2 and SOC 3) that now serve as the overall framework. SOC 1 is one of the newly established options to help service organizations, like Blackbaud, to meet the assurance needs of our clients who must rely on third-party evaluations.

## Benefits to Blackbaud Clients

Blackbaud's successful completion of the SOC 1 examination validates the commitment to control governance and achievement of control standards set forth by the AICPA. The primary benefits of a SOC 1, Type 2, Report are the following assurances to our clients:

- Provides an opinion that management's description of Blackbaud's system fairly presents the system designed and implemented throughout the specified period
- Provides an opinion that the controls related to the control objectives stated in management's description of the system were suitably designed throughout the specified period to achieve those control objectives
- Provides an opinion that the controls related to the control objectives stated in management's description of the system operated effectively throughout the specified period to achieve those control objectives

## Blackbaud Third-Party Auditor

The independent accounting firm of [BrightLine](#) has performed a SOC 1, Type 2, Reporting of Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting for the Blackbaud Sphere application.

*SOC 1 Reports are restricted to management of the service organization, user entities, and auditors and are not meant for distribution to potential clients.*