

**INDEPENDENT SERVICE AUDITOR'S REPORT PROVIDED BY
SSAE 16 PROFESSIONALS, LLP**

To the Management of Payroll Tax Management, Inc.:
Santa Ana, CA

Scope

We have examined Payroll Tax Management, Inc.'s ("Service Organization" or "PTM") description of its Payroll Tax Processing Software and Services system throughout the period January 1, 2016 through June 30, 2016, and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description. The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls contemplated in the design of PTM's controls are suitably designed and operating effectively, along with related controls at the service organization. We have not evaluated the suitability of the design and operating effectiveness of such complementary user entity controls.

Service Organization's Responsibility

In Section 2 of this report, PTM 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. PTM is responsible for preparing the description and for its 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, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on 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 our examination. We conducted our examination 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, in all material respects, 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 January 1, 2016 through June 30, 2016.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description 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 those controls to achieve the related control objectives stated in the description. Our procedures included 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. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion in Section 2 of this report. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent Limitations

Because of their nature, controls at a service organization may not prevent, or detect and correct all errors or omissions in processing or reporting Payroll Tax Processing Software and Services. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of 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 inadequate or fail.

Opinion

In our opinion, in all material respects, based on the criteria described in PTM's assertion in Section 2 of this report, (1) the description fairly presents the Payroll Tax Processing Software and Services system that was designed and implemented throughout the period January 1, 2016 through June 30, 2016, (2) 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 January 1, 2016 through June 30, 2016, and user entities applied the complementary user entity controls contemplated in the design of PTM's controls throughout the period January 1, 2016 through June 30, 2016 and (3) the controls tested, which together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period January 1, 2016 through June 30, 2016.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section 4 of this report.

Restricted Use

This report, including the description of tests of controls and results thereof in Section 4 of this report, is intended solely for the information and use of PTM, user entities of PTM's Payroll Tax Processing Software and Services system during some or all of the period January 1, 2016 through June 30, 2016, and the independent auditors of such user entities, who 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 misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

SSAE 16 Professionals, LLP

August 23, 2016
Orange, California