

THE LORD'S PLACE, INC.
REPORT TO MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

October 10, 2018

To the Board of Directors
The Lord's Place, Inc.

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of The Lord's Place, Inc. (the Agency) for the year ended June 30, 2018, we considered the Agency's internal control for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

During our audit, we note certain matters involving internal control and operational efficiencies that are presented for your consideration. This letter does not affect our report dated October 10, 2018 on the financial statements of the Agency. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. This letter does not affect our report dated October 10, 2018 on the financial statements of the Agency.

Information Systems Considerations

Comments and Recommendations

Information Systems Security Documentation

Recognizing limited internal support and resources, the Agency has engaged KB Technologies to assist with strategic direction, monitoring and support services. Moreover, risk is significantly reduced by utilizing established cloud-based solutions. A natural follow-up to these measures should include developing formal Information Technology (IT) security policy with related documentation. A security policy and supporting detailed policies will provide a roadmap to the Agency's desired data protections. A security policy document is an outline of security measures used by an organization to include backup, retention, perimeter and AV, password requirements, use of VPN's, physical safeguards and more. It is intended to be high level and sections may point to more detailed supporting policy documents. The security policy should be presentable to the board or interested third parties and should provide a good snapshot of the security steps used by the organization.

Intrusion Testing/Study

The Agency recently obtained quotes for intrusion and penetration testing, and should follow through and engage a reputable third party firm to conduct testing on an annual basis. Given the high level of ransomware and cyber-attacks in today's world, routine vulnerability testing can help provide guidance as to any weaknesses in the Agency's IT structure. The results of the testing should be reviewed by one of the Board of Director's designated committees.

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SOC2 or Comparable Certifications

Reliance on cloud-based applications and data storage facilities in general provide a higher level of data protection than what can often be achieved locally. However, there remains a risk in storing the Agency's critical data with a third party. An effort should be made to maintain documentation of SOC2 or comparable certifications used by these providers. A file of supporting documentation for each cloud provider should be maintained and kept available for compliance audits and other third party inquiries.

Temperature Alerts in Agency Server Room

As part of our review of the Agency's IT structure we considered physical and logical access controls. As part of the review of physical access controls we noted that dual AC units and battery backups exist in server room. What remains missing is a temperature alert. An environmental or temperature alert should be added to the main server room.

We would like to commend the Agency's many favorable aspects of their internal controls and the high level of dedication of the Finance and Accounting Department. We would also like to thank the Finance and Accounting Department and management for their assistance and the many courtesies extended to us during our audit. We sincerely appreciate this opportunity to serve the Agency.

This report is intended solely for the information and use of the Board of Directors, management, and others within The Lord's Place, Inc. and it is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Templeton & Company, LLP