



## Nascent Technology LLC.

Independent Service Auditor's Report on Controls at a Service Organization Relevant to Security (SOC 2, Type II) on the Synapse AGS, readyAGS and enVision® OCR Systems and Supporting Information Technology General Controls System

For the period August 1, 2021 to October 31, 2021



An Independent Service Auditor Report issued by  
Dixon Hughes Goodman LLP

## table of contents

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section I: independent service auditor’s report	1
section II: management’s assertion	5
section III: management’s description of its system and controls	7
section IV: description of trust services criteria, related controls and results	20

This report, including the description of tests of controls and results thereof, is intended solely for the information and use of the Company; user entities of the Company’s system during some or all of the specified period and prospective user entities, independent auditors and practitioners providing services to such user entities, and regulators who have sufficient knowledge and understanding. This report is not intended to be, and should not be, used by anyone other than these specified parties.



## section I: independent service auditor's report

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To: Management of Nascent Technology LLC.  
Charlotte, NC

### Scope

We have examined Nascent Technology LLC's ("Nascent") accompanying description of its Synapse AGS ("Automated Gate Solution"), readyAGS and enVision® OCR Systems and supporting information technology general controls found in Section III titled "management's description of its system and controls" throughout the period August 1, 2021 to October 31, 2021 (description) based on the criteria for a description of a service organization's system set forth in *DC 200, 2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report (AICPA, Description Criteria)*, (description criteria) and the suitability of the design and operating effectiveness of Nascent's controls stated in the description throughout the period August 1, 2021 to October 31, 2021, to provide reasonable assurance that Nascent's service commitments and system requirements were achieved based on the trust services criteria relevant to security (applicable trust services criteria) set forth in *TSP 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria)*.

Nascent uses a subservice organization to provide cloud computing and colocation services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Nascent, to achieve Nascent's service commitments and system requirements based on the applicable trust services criteria. The description presents Nascent's controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Nascent's controls. The description does not disclose the actual controls at the subservice organization. Our examination did not include the services provided by the subservice organization, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The description indicates that certain complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Nascent, to achieve Nascent's service commitments and system requirements based on the applicable trust services criteria. The description presents Nascent's controls, the applicable trust services criteria, and if the subservice organization and user entities applied the complementary controls assumed in the design of Nascent's controls throughout that period. Our examination did not include such complementary user entity controls and we have not evaluated the suitability of the design or operating effectiveness of such controls.

### Service Organization's Responsibilities

Nascent 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 Nascent's service commitments and system requirements were achieved. In Section II, Nascent has provided the accompanying assertion titled "management's assertion" (assertion) about the description and the suitability of the design and operating effectiveness of controls stated therein. Nascent is also responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and its assertion; providing the services covered by the description; selecting the applicable trust services criteria and stating the



related controls in the description; and identifying the risks that threaten the achievement of the service organization's service commitments and system requirements.

### **Service Auditor's Responsibilities**

Our responsibility is to express an opinion on the description and on the suitability of design and operating effectiveness of controls stated in the description based on our examination. 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, in all material respects, the description is presented in accordance with the description criteria and the controls stated therein were suitably designed and operated effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves the following:

- obtaining an understanding of the system and the service organization's service commitments and system requirements.
- assessing the risks that the description is not presented in accordance with the description criteria and that controls were not suitably designed or did not operate effectively.
- performing procedures to obtain evidence about whether the description is presented in accordance with the description criteria.
- performing procedures to obtain evidence about whether controls stated in the description were suitably designed to provide reasonable assurance that the service organization achieved its service commitments and system requirements based on the applicable trust services criteria.
- testing the operating effectiveness of controls stated in the description to provide reasonable assurance that the service organization achieved its service commitments and system requirements based on the applicable trust services criteria.
- evaluating the overall presentation of the description.

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

### **Inherent Limitations**

The description is prepared to meet the common needs of a broad range of report users and may not, therefore, include every aspect of the system that individual report users may consider important to meet their informational needs. There are inherent limitations in 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 are achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the suitability of the design or operating 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.



## Description of Tests of Controls

The specific controls we tested, and the nature, timing, and results of those tests are listed in Section IV of this report, “description of trust services criteria, related controls and results”.

## Opinion

In our opinion, in all material respects,

- the description presents Nascent’s Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls that was designed and implemented throughout the period August 1, 2021 to October 31, 2021 in accordance with the description criteria.
- the controls stated in the description were suitably designed throughout the period August 1, 2021 to October 31, 2021 to provide reasonable assurance that Nascent’s service commitments and system requirements would be achieved based on the applicable trust services criteria, and if the subservice organizations and user entities applied the complementary controls assumed in the design of Nascent’s controls throughout that period.
- the controls stated in the description operated effectively throughout the period August 1, 2021 to October 31, 2021 to provide reasonable assurance that Nascent’s service commitments and system requirements were achieved based on the applicable trust services criteria if complementary subservice organization controls and complementary user entity controls assumed in the design of Nascent’s controls operated effectively throughout that period.

## Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of Nascent; user entities of Nascent’s Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls during some or all of the period August 1, 2021 to October 31, 2021; business partners of Nascent subject to risks arising from interactions with the Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls; practitioners providing services to such user entities and business partners; prospective user entities and business partners; and regulators who have sufficient knowledge and understanding of the following:

- The nature of the service provided by the service organization
- How the service organization's system interacts with user entities, business partners, subservice organizations, and other parties
- Internal control and its limitations
- Complementary user entity controls and subservice organization controls and how those controls interact with the controls at the service organization to achieve the service organization's service commitments and system requirements
- User entity responsibilities and how they may affect the user entity's ability to effectively use the service organization's services
- The applicable trust services criteria
- The risks that may threaten the achievement of the service organization’s service commitments and system requirements and how controls address those risks.



This report is not intended to be, and should not be, used by anyone other than the specified parties.

Insert Firm Signature  
*Dixon Hughes Goodman LLP*

Charlotte, NC  
December 3, 2021

## section II: management's assertion

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We have prepared the accompanying description of Nascent's Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls titled "management's description of its system and controls" throughout the period August 1, 2021 to October 31, 2021 (description) based on the criteria for a description of a service organization's system set forth in *DC 200, 2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report (AICPA, Description Criteria)*, (description criteria). The description is intended to provide report users with information about the Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls that may be useful when assessing the risks arising from interactions with Nascent's system, particularly information about system controls that Nascent has designed, implemented, and operated to provide reasonable assurance that its service commitments and system requirements were achieved based on the trust services criteria relevant to security (applicable trust services criteria) set forth in *TSP 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (AICPA, Trust Services Criteria)*.

Nascent uses a subservice organization to provide cloud computing and colocation services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Nascent, to achieve Nascent's service commitments and system requirements based on the applicable trust services criteria. The description presents Nascent's controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Nascent's controls. The description does not disclose the actual controls at the subservice organization.

The description indicates that complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Nascent, to achieve Nascent's service commitments and system requirements based on the applicable trust services criteria. The description presents the service organization's controls, the applicable trust services criteria, and if the subservice organization and user entities applied the complementary controls assumed in the design of the service organization's controls throughout that period.

We confirm, to the best of our knowledge and belief, that—

- 1) The description presents Nascent's Synapse AGS, readyAGS and enVision® OCR Systems and supporting information technology general controls that was designed and implemented throughout the period August 1, 2021 to October 31, 2021 in accordance with the description criteria.
- 2) The controls stated in the description were suitably designed throughout the period August 1, 2021 to October 31, 2021 to provide reasonable assurance that Nascent's service commitments and system requirements would be achieved based on the applicable trust services criteria, if controls operated effectively throughout that period, and if the subservice organizations and user entities applied the complementary controls assumed in the design of Nascent's controls throughout that period.

- 3) The controls stated in the description operated effectively throughout the period August 1, 2021 to October 31, 2021 to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria, if complementary subservice organization controls and complementary user entity controls assumed in the design of Nascent's controls operated effectively throughout that period.

***David Barron***  
***Chief Financial Officer***  
***Nascent Technology LLC***



## section III: management's description of its system and controls

### Overview of Operations

Founded in 1996, Nascent Technology LLC (“Nascent”) designs, manufactures, and installs automated gate systems, data capture portals, advanced OCR/imaging solutions, and driver centric mobile applications for intermodal and other transportation clients throughout the Americas. The automated gate systems sold include physical hardware, software licenses, software customization, and support and maintenance. Nascent has approximately 70 employees and is headquartered in Charlotte, NC.

Nascent’s products provide increased traffic efficiency and reduced processing times. High performance OCR with advanced image analytics, offering an array of specialized detection and imaging technologies to automatically capture and process data.

### Principle Service Commitments and System Requirements

Nascent designs its processes and procedures based on the service commitments that Nascent makes to its user entities, the laws, and regulations that govern data security for certain classifications of data, and the financial, operational, and compliance requirements that The Company has established for its services.

Synapse AGS and enVision® OCR product availability is based on the customer’s desired setup and configuration. Both products allow failover setups to support high-availability configuration.

readyAGS availability commitments are standardized and include, but are not limited to, the following:

- Security principles within the fundamental design of the system related to the Platform that are designed to permit system users to access the information they need based on their role and client assignment in the system while restricting them from accessing information not needed for their role
- Use and management of automated load balancing and container orchestration systems to enhance platform availability
- Use of operations monitoring tools to identify actual and potential availability incidents

### System Architecture

Nascent develops and supports different architectures based on product. Two are customer on-premise systems: Synapse AGS and enVISION® OCR, and the third: readyAGS, is a multi-tenant architecture hosted in Microsoft Azure. AGS and enVISION® OCR can be configured differently based on client desired implementations, but the generic setups are documented in the diagrams below. readyAGS is designed as a system of services, an application that communicates through APIs on a single, self-healing and auto-scaling platform with multi-tenant support.

## **Application and Technology Support**

Nascent offers operational support during business hours, training for users plus pre- and post-setup support. In the case of critical production related issues, there is also a 24x7 support line and escalation process through the SOC (“Support Operations Center”) manager.

## **Customer Onboarding**

Nascent designs its processes and procedures based on the service commitments that Nascent makes to its user entities, the laws, and regulations that govern data security for certain classifications of data, and the financial, operational, and compliance requirements that Nascent has established for its services.

## **Software Quality**

To create software of the highest quality, software development teams continually strive to produce and refine products to meet our clients’ needs. Software enhancements receive a set of quality assurance and regression tests prior to being released. Teams regularly review and improve processes to better streamline the development of new software, improve the handling of unforeseen production situations, and most importantly, prevent such events from occurring.

## **Operations Support**

Nascent Operations is staffed during normal business hours to help clients with technology and application questions or concerns. In the case of critical production related issues, there is also a 24x7 support line and escalation process through the SOC manager to software development, engineering, or a Field Service Technician.

## **Incident Tracking**

Nascent uses JIRA for its incident handling system. Requests can be escalated to the appropriate teams and open items are reviewed on a daily basis. Every request Nascent receives is tracked through to completion with full audit trails and accountability.

## **Online Help**

Nascent’ s web portal provides comprehensive documentation for all the organization’s applications and datasets, including API reference guides, detailed instructions, examples, and multimedia tutorials.

Nascent’ s internal control environment reflects the overall attitude, awareness, and actions of management, the Board of Directors and others concerning the importance of controls and the emphasis given to controls in the Nascent’ s policies, procedures, methods, and organizational structure.

## **Integrity and Ethical Values**

An Employee Handbook and Employee Policy Book exist to educate employees on the general scope and application of business ethics, including personal and business integrity, conflicts of interest, legal compliance requirements, confidential and proprietary information, and regulatory issues.

Employees sign an acknowledgment that they have read, understood, and agree to abide by the Employee Handbook. In addition, employees are required to complete a security awareness training course as new hires and annually thereafter.

Organizational policies, standards, and procedures are available to employees. The Employee Handbook and Employee Policy Book are distributed to all employees upon hiring.

### **Organizational Structure**

Nascent is incorporated in the state of North Carolina. The organization is overseen by the Board of Directors and led by management that includes the President/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Vice President of Development, and Vice President of Professional Services. Management and direction for the Company originates from this group based on input from the members of senior management, financial partner, and third-party reviews and assessments. Managers and staff are assigned responsibility for the implementation of corporate policies.

### **Organization Chart**

#### **Assignment of Authority and Responsibility**

The organizational structure is designed to allow for information and communication flexibility and responsiveness to client needs, while at the same time ensuring that senior management is aware and responsive to important issues.

## section IV: description of trust services criteria, related controls and results

### A. INFORMATION PROVIDED BY DIXON HUGHES GOODMAN LLP

This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of the Company, user entities of the Company's System during some or all of the Specified Period, those prospective user entities, independent auditors and practitioners providing services to such user entities, and regulators who have sufficient knowledge and understanding of the following:

- The nature of the service provided by the Company;
- How the Company's System interacts with user entities, subservice organizations, or other parties;
- Internal control and its limitations;
- Complementary user entity controls and how they interact with related controls at the Company to meet the Applicable Trust Services Criteria;
- The Applicable Trust Services Criteria; and
- The risks that may threaten the achievement of the Applicable Trust Services Criteria and how controls address those risks.

This report is not intended to be and should not be used by anyone other than these specified parties.

This report, when combined with an understanding of the user control considerations in place at user locations, is intended to assist user organizations in assessing control risks.

The scope of our testing of the Company's controls was limited to the controls specified by the Company contained in Section IV of this report. Management believes these are the relevant key controls for the stated criteria. Other than specifically identified controls related to subservice organizations as described in Sections III and IV, our review was not extended to controls in effect at the user organizations, subservice organizations, or third-party vendors.

### B. TYPES AND DESCRIPTION OF THE TESTS OF OPERATING EFFECTIVENESS

Various testing methods are used to assess the operating effectiveness of controls during the Specified Period. The table below describes the various methods which were employed in testing the operating effectiveness of controls that are in place at the Company.

The following table clarifies certain terms used in this section to describe the nature of the tests performed:

Type	Description
Inquiry	Inquired of appropriate personnel and corroborated with management
Observation	Observation of the application, performance, or existence of the control
Inspection	Inspection of documents and reports indicating performance of the control

### **C. TRUST SERVICES CRITERIA, CONTROLS, TESTS PERFORMED AND RESULTS OF TESTING**

The following matrices describe the Company's controls and the testing performed to determine whether the Company's controls were suitably designed and were operating effectively throughout the period to meet the criteria.

#### **Criteria Group 1: Common Criteria Related to Control Environment**