



Smith Elliott Keane & Company, LLC
Certified Public Accountants & Consultants

To the Members
Toothman Rice, P.L.L.C.

We have reviewed the system of quality control for the accounting and auditing practice of Toothman Rice, P.L.L.C. (the firm) in effect for the year ended March 31, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Toothman Rice, P.L.L.C. in effect for the year ended March 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth a comment that was not considered to be of sufficient significance to affect the opinion expressed in this report.

Hagerstown, Maryland
August 8, 2007

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To the Members
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We have reviewed the accounting and auditing practice of Toothman Rice, P.L.L.C. (the firm) for the year ended March 31, 2007, and have issued our report thereon dated August 8, 2007. That report should be read in conjunction with the comment in this letter, which was considered in determining our opinion. The matter described below was not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment -

The firm's quality control policies and procedures require the use of standard programs on audit engagements to document procedures performed and conclusions reached. However, on several engagements reviewed the firm's working papers did not document the precise dates certain audit procedures were performed and a report date was not consistent with the documented dates of completion of certain audit procedures. These dating issues were the result of some confusion on the part of the firm with the implementation of recently issued and effective professional standards, and overall did not result in inappropriate documentation or a misleading report.

Recommendation -

The firm should hold a training session for all professionals on the recently issued professional standards, with special emphasis on the dating requirements for when audit procedures are completed and conclusions reached, as well as, the report dating requirements. The members should also give special emphasis to the dating requirements in the engagement review process.

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