

**SMITH, DUKES & BUCKALEW, L.L.P.**

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September 20, 2006

To the Partners of  
Habif, Arogeti & Wynne, LLP  
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Habif, Arogeti & Wynne, LLP (the firm) applicable to non-SEC issuers in effect for the year ended April 30, 2006. The firm has informed us that it did not audit SEC-issuers for the year ended April 30, 2006. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, 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 that 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 applicable to the non-SEC issuers of Habif, Arogeti & Wynne, LLP in effect for the year ended April 30, 2006, 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 complying with applicable professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matter described in the letter was not considered to be of sufficient significance to affect the opinion expressed in this report.

*Smith, Dukes & Buckalew, LLP*

**Attachment to the Peer Review Report of Habif, Arogeti & Wynne, LLP**  
**Description of the Peer Review Process**

**Overview**

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently, a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews, working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. The firm did not audit SEC issuers for the year ended April 30, 2006.

**Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers**

To plan the review of Habib, Arogeti & Wynne, LLP, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

**Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers**

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.

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We have reviewed the system of quality control for the accounting and auditing practice of Habif, Arogeti & Wynne, LLP (the firm) applicable to non-SEC issuers in effect for the year ended April 30, 2006, and have issued our report thereon dated September 20, 2006. The matter described below was not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

**Engagement Performance**

*Comment* - The firm's policies and procedures require the preparation of working papers and checklists to document the work performed in planning audit engagements. Our review disclosed instances where the firm's planning working papers did not properly document compliance with all fraud risk considerations made by the firm in accordance with professional standards. Through discussion with engagement personnel, we were able to satisfy ourselves that the engagement planning was adequate and that the firm's response to identified fraud risks was appropriate.

*Recommendation* - The firm should comply with its policies and procedures requiring the preparation of working papers and checklists to document the work performed in planning audit engagements. The firm should emphasize to its professional staff the proper use of the firm's practice aids for planning an audit engagement and documenting the results thereof.

*Smith, Dukes + Buckalew, LLP*



Certified Public Accountants and Business Advisors

October 9, 2006

Center for Public Company Audit Firms  
American Institute of CPAs  
Harborside Financial Center  
201 Plaza Three  
Jersey City, NJ 07311-3881

Ladies and Gentlemen:

This letter represents our response to the letter of comment issued in connection with our firm's peer review for the year ended April 30, 2006. All of the necessary changes to our quality control policies and procedures will be closely monitored by our quality control partner and managing partner. In addition, the matters discussed in this letter will be given special emphasis in our monitoring procedures.

#### Engagement Performance

The firm contracted with Audit Watch to provide specific training based on staff levels and experience. This training commenced shortly after the completion of our peer review. The trainers were instructed to emphasize the importance of documentation during all classes to conform with AICPA standards and firm policies. Additionally, specific training will be provided to the staff to address required documentation related to fraud risk.

  
Sincerely,  
Habif, Arogeti & Wynne, LLP