
Perry M. Henderson
CPA, MPA

February 23, 2007

To the Partners of
Peterson, Slater & Osborne

I have reviewed the system of quality control for the accounting and auditing practice of Peterson, Slater & Osborne (the firm) in effect for the year ended May 31, 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 conforming 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 firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of conforming with professional standards in all material respects. My 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 my review.

The review was conducted in accordance with standards established by the Peer Review Board of the American Institute of Certified Public Accountants. During the review, I 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 those assessments, I 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, audits of employee benefit plans. Prior to concluding the review, I reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of the review. I believe that the procedures I performed provide a reasonable basis for my opinion.

In performing the review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. The review was based on selected tests, therefore it would not necessarily disclose 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

Master: Public Administration; Member: American Institute of CPAs, Center for Public Company Audit Firms, California Society of CPAs, AICPA Key Legislative Contact Program, California Association of Nonprofits. Present and Past service includes: Chairman, CSCPA Nonprofit Organizations Committee, Citrus Belt Chapter; Member, CSCPA Peer Review Committee; CSCPA Professional Conduct Committee; Adjunct Faculty Member, University of Redlands; Author: CPA's Guide to Quality Control and Peer Reviews

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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 and procedures may deteriorate.

In my opinion, the system of quality control for the accounting and auditing practice of Peterson, Slater & Osborne in effect for the year ended May 31, 2006 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the American Institute of Certified Public Accountants 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, I have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

A handwritten signature in black ink, appearing to read "Perry M. Henderson", with a long horizontal line extending to the right.

Perry M. Henderson, CPA

Perry M. Henderson
CPA, MPA

December 17, 2003


To the Partners of
Peterson, Slater & Osborne Accountancy Corporation

I have reviewed the system of quality control for the accounting and auditing practice of Peterson, Slater & Osborne Accountancy Corporation (the firm) in effect for the year ended May 31, 2003. 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 conforming 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 design of the system and compliance with it are the responsibility of the firm. My responsibility is to express an opinion on the design of the system, and the firm's compliance with the system based on my review.

The review was conducted in accordance with standards established by the Peer Review Board of the American Institute of Certified Public Accountants. In performing the review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Because the review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it.

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 because the degree of compliance with the policies and procedures may deteriorate.

In my opinion, the system of quality control for the accounting and auditing practice of Peterson, Slater & Osborne Accountancy Corporation in effect for the year ended May 31, 2003 has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the American Institute of Certified Public Accountants and was being complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.


Perry M. Henderson, CPA

Master: Public Administration; Member: American Institute of CPAs, SEC Practice Section, California Society of CPAs, AICPA Key Legislative Contact Program, California Society of Municipal Finance Officers, California Association of Nonprofits. Present and Past service includes: Chairman, CSCPA Nonprofit Organizations Committee, Citrus Belt Chapter; Member, CSCPA Peer Review Committee; CSCPA Professional Conduct Committee; Adjunct Faculty Member, University of Redlands; Author & Lecturer.

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