

Thad Scott & Company

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December 11, 2007

To Artis, Hare & Company, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Artis, Hare & Company, Inc. in effect for the year ended July 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 audits of Employee Benefit Plans and 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 Artis, Hare & Company, Inc. in effect for the year ended July 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 standard. As is customary in a system review, we have issued a letter under this date that sets forth comments there were not considered to be sufficient significance to affect the opinion expressed in this report.

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To Artis, Hare & Company, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Artis, Hare & Company, Inc. (the firm) for the year ended July 31, 2007, and have issued our report thereon dated December 11, 2007. That report should be read in conjunction with the comments in this letter, which were 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 that all known fraud risk factors be documented. Our review disclosed that the firm had not complied with this policy on some audits reviewed. We were able to conclude through discussions with firm personnel that the work performed, including the documentation we reviewed, provided adequate support for the firm's opinion.

Recommendation – The firm should review professional standards regarding documentation of fraud risk factors and emphasize them in the review of the audit work papers.

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