



# Grantham Poole

Certified Public Accountants

We See You Through<sup>SM</sup>

## Principals

J. Thomas Grantham, Jr., CPA, CFP®, ABV  
James E. Poole, CPA  
Vance Randall, CPA  
J. Richard Reitano, CPA  
Alan G. Arrington, CPA  
Robert A. Cunningham, CPA, CFE  
William L. Crim, Jr., CPA  
Mary Ann Mosal, CPA  
Lisa W. Browning, CPA  
Stephanie B. Smith, CPA  
Dorothy A. Gray, CPA  
Angela G. Fisher, CPA  
Dickens Q. Fournet, CPA  
Charles P. Rafferty, CPA, CFE, CVA  
George W. Butler, Jr., CPA  
Sue Carole Chisolm, CPA  
John R. McCallum, CPA

## Associates

Martha F. Boswell, CPA  
Angel P. Denny, CPA, CFP®  
Dad Ketchum, CPA  
Christine S. Knupp, CPA  
John M. Long, CPA  
Lacie A. Myers, CPA  
Melissa K. Ochu, CPA  
Katherine S. Reed, CPA  
William F. Taylor, CPA  
Charles Chris Turnipseed, CPA  
Karen M. Wagner, CPA  
Melanie S. Woodrick, CPA

## To the Shareholders

Eaton, Babb & Smith, P.A.

We have reviewed the system of quality control for the accounting and auditing practice of Eaton, Babb & Smith, P.A. (the Firm) in effect for the year ended October 31, 2005. 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 Certified Public Accountants (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 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, an audit of an Employee Benefit Plan and an engagement 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.

GRANTHAM, POOLE, RANDALL, REITANO, ARRINGTON & CUNNINGHAM PLLC

55 North • Suite 101 • Jackson, MS 39211 • 601.957.5050/800.870.1229 • Fax 601.957.8717 • Fax (via email) 601.957.9599 • www.granthampoole.com

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In our opinion, the system of quality control for the accounting and auditing practice of Eaton, Babb & Smith, P.A. in effect for the year ended October 31, 2005, 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.

*Grantham, Padgug, Rendell, Reitano, Arington & Cunningham, PLLC*

January 11, 2006