



To the Partners of McGladrey & Pullen, 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 McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The Firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us, since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm's accounting and auditing practice in accordance with PCAOB requirements. 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 McGladrey & Pullen, LLP in effect for the year ended April 30, 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 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 matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

*BKD, LLP*

November 30, 2007



To the Partners of McGladrey & Pullen, 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 McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The matters described below were 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 has followed two different methodologies for supporting a low control risk assessment for certain relevant assertions for significant account balances. Substantially all audits in a niche industry practice are performed using one methodology, while the rest of the firm uses the methodology in the firm’s commercial audit manual. The alternative niche practice allowed for lower testing requirements than the standard approach in the manual. The support for the alternative approach for sampling is not documented in the manual, however, no departures from generally accepted auditing standards were noted.

*Recommendation* – We believe the alternative approach should be reconsidered. Any approved alternative methodology should be appropriately documented in the audit manual.

BKD, LLP

November 30, 2007

# McGladrey & Pullen

Certified Public Accountants

November 30, 2007

Center for Public Company Audit Firms Peer Review Committee  
C/o American Institute of Certified Public Accountants  
Practice Monitoring Department  
220 Leigh Farm Road  
Durham, NC 27707

Ladies and Gentlemen:

This letter represents our response to the letter of comments issued in connection with our firm's peer review for the year ended April 30, 2007 and should be read in conjunction with that letter. Implementation of the actions set out in this letter will be monitored in connection with our annual inspection program.

Prior to January 31, 2008, the Firm's National Office of Audit and Accounting will reconsider the methods used for testing key controls in this niche industry and either conform the methodology to the methodology specified in the commercial audit manual or document the basis for any approved alternative methodology in the respective industry manual.

*McGladrey & Pullen, LLP*