Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

203 North Abel Street
Winnfield, Louisiana 71483
(318) 628-5655
Fax (318) 628-3988

Rec 12-16-08

December 10, 2008

To the Owner
John R. Vercher, CPA, PC

We have reviewed the system of quality control for the accounting and auditing practice of John R. Vercher, CPA, PC (the firm) in effect for the year ended May 31, 2008. 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 higher-risk engagements. The engagements selected included among others, 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 John R. Vercher, CPA, PC, in effect for the year ended May 31, 2008, 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.

As is customary in a system review, we 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.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

203 North Abel Street
Winnfield, Louisiana 71483
(318) 628-5655
Fax (318) 628-3988

December 10, 2008

To the Owner
John R. Vercher, CPA, PC

We have reviewed the system of quality control for the accounting and auditing practice of John R. Vercher, CPA, PC (the firm) in effect for the year ended May 31, 2008, and have issued our report thereon dated December 10, 2008. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters discussed below were 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 the completion of a financial reporting and disclosure checklist on each financial statement engagement. Our review of compilation engagements disclosed instances in which inappropriate answers were used on this checklist. In these instances there were the following departures from standards:

- Instances in which the asset and liability sections of the balance sheet contained various accounts which should be corrected or reclassified.
- An instance in which incorrect financial statement titles were used.
- Instances in which long term debt was not presented in current and long term portions on the balance sheet.

None of the departures from standards were considered to be of such significance as to cause the financial statements to be misleading.

Recommendation-The firm should carefully review the completion of the financial reporting and disclosure checklist on financial statement engagements.

Comment-The firm's policies and procedures do not require that written engagement letters be obtained on compilation engagements for non-public entities. As a result, the firm is not complying with the standards related to independence. However, during our review, we did not note any instances of impairment of independence on these compilation engagements.

Recommendation-The firm should amend its policies and procedures to require that written engagement letters be obtained for all accounting engagements.

Johnson, Thomas & Cunningham

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

JOHN R. VERCHER PC
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

December 17, 2008

DEC 2 3 2008

Peer Review – Confidential
Society of LA CPA's
2400 Veteran's Blvd Ste 500
Kenner, LA 70062

Ladies and Gentlemen:

This letter represents our response to the report and letter of comments issued in connection with the review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended May 31, 2008. The matters discussed herein were brought to the attention of all personnel at a training session held on December 17, 2008. In addition, the matters discussed in this letter will be given special emphasis in our monitoring procedures.

Financial Reporting and Disclosure Checklists – All professional personnel were reminded of the importance of complying with the firm's policy requiring completion of its financial reporting and disclosure checklist at the training session held on December 17, 2008. In addition, the firm's engagement review questionnaire is being revised to require the engagement partner to document his or her review of the completed checklist.

Engagement Letters – The firm will immediately obtain written engagement letters from all of its current bookkeeping/compilation clients and require written engagement letters from future bookkeeping/compilation clients.

We believe these actions are responsive to the findings of the review.

Sincerely,

John R Vercher