

Report on the Firm's System of Quality Control

November 6, 2023

To the Shareholders of Smith & Davis CPAs
and the Peer Review Committee of the Missouri Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Smith & Davis CPAs (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures for engagement performance require the firm to perform appropriate levels of supervision and review on all engagements. During the review, we noted that appropriate supervision and review had not been performed for compilation and preparation only engagements. As a result, we noted that the firm did not obtain a written engagement letter agreement with management for its compilation and preparation only engagements. As a result, a nonprofit compilation, and a preparation engagement in another industry did not conform to professional standards in all material respects.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Smith & Davis CPAs in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Smith & Davis CPAs has received a peer review rating of *pass with deficiency*.

Whitehorn Tankersley & Davis PLLC
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