

## Report on the Firm's System of Quality Control

January 13, 2018

To the Shareholders of  
Pugh & Company, P.C.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pugh & Company, P.C. (the firm) in effect for the year ended May 31, 2017. 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](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported 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 a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with 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 in conformity with 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 the system of quality control and the firm's compliance therewith based on our review.

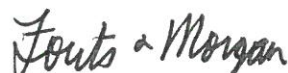
### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, and an examination of a service organization (Service Organizations Control (SOC) 1 engagement).

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.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Pugh & Company, P.C. in effect for the year ended May 31, 2017, 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*. Pugh & Company, P.C. has received a peer review rating of *pass*.



FOUTS & MORGAN  
Certified Public Accountants

April 06, 2018

Susan Foard  
Pugh & Company, P.C. d/b/a Pugh CPAs  
315 N Cedar Bluff Rd # 200  
Knoxville, TN 37923-4548

Dear Susan Foard:

It is my pleasure to notify you that on April 06, 2018, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,



Michael Fawley  
Chair - National PRC  
nprc@aicpa.org 919-402-4502  
National Peer Review Committee

CC: Gary Purdy, Barrett Simonis

Firm Number: 900010031119

Review Number: 550138