

Peer Review Program
American Institute of Certified Public Accountants
Administered by the
Maryland Association of CPAs

August 6, 2007

Allan H. Cohen, CPA
Naden/Lean, LLC
1966 Greenspring Dr Ste 405
Timonium, MD 21093-4139

Dear Mr. Cohen:

It is my pleasure to notify you that on July 28, 2007 the Maryland Peer Review Committee accepted the report on the most recent peer review of your firm, the related letter of comments, and your firm's response thereto. The due date for your next review is December 31, 2009. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Malcolm C. Taylor, CPA
Chairman, Maryland Peer Review
Committee

cc: Walter P Kunz, CPA

Firm Number: 10080754

Review Number: 240522

❧MILLARD T. CHARLTON❧
& ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

May 14, 2007

To the Owners
Naden/Lean, LLC
Certified Public Accountants and Business Consultants

We have reviewed the system of quality control for the accounting and auditing practice of Naden/Lean, LLC. (the firm) in effect for the year ended June 30, 2006. 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, audits of Employee Benefit Plans and 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 Naden/Lean, LLC in effect for the year ended June 30, 2006, 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.

Millard J. Charlton & Associates
Certified Public Accountants

❧MILLARD T. CHARLTON❧
& ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

May 14, 2007

To the Owners
Naden/Lean, LLC
Certified Public Accountants and Business Consultants

We have reviewed the accounting and auditing practice of Naden/Lean, LLC (the firm) in effect for the year ended June 30, 2006, and have issued our report thereon dated May 14, 2007. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described 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 include monitoring of effective implementation of new professional standards into its practice. The firm intended to implement the documentation requirement for a new standard relating to firm and client responsibilities when nonattest services are provided to audit and accounting clients by the use of specific wording included in its current engagement letter model. This was communicated to its professionals during staff meetings and by electronic reminders. During our review we noted compilations and a review engagement where the engagement letter had outdated wording and there was no documentation of firm and client responsibilities for nonattest services provided. By discussion with senior firm personnel, we concluded that the firm and client responsibilities were met and the firm's independence maintained. However, the monitoring of implementation of the standard during preissue review was inconsistent. The firm's inspection did note the omitted documentation on some engagements, but this issue was incorrectly resolved and therefore not timely reported firm-wide.

Recommendation - The firm should emphasize to its professionals responsible for monitoring implementation of new policies and procedures the importance of this process, the specific attributes expected and a method to affirm that implementation is successful. Deficiencies noted during the inspection process should specifically note the rationale for resolving the issue and the firm owner responsible for the inspection process should document his concurrence or pursue the issue to its conclusion.

Millard T. Charlton & Associates
Certified Public Accountants