Report on

2017 Inspection of Green & Company CPAs, LLC
(Headquartered in Tampa, Florida)

Issued by the

Public Company Accounting Oversight Board

September 20, 2018

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2018-171A
(Includes portions of Parts II and IV of the full report that were not included in PCAOB Release No. 104-2018-171)
In 2017, the Public Company Accounting Oversight Board ("PCAOB" or "the Board") conducted an inspection of the registered public accounting firm Green & Company CPAs, LLC ("the Firm") pursuant to the Sarbanes-Oxley Act of 2002 ("the Act").

Inspections are designed and performed to provide a basis for assessing the degree of compliance by a firm with applicable requirements related to auditing issuers. For a description of the procedures the Board's inspectors may perform to fulfill this responsibility, see Part I.C of this report (which also contains additional information concerning PCAOB inspections generally). The inspection included reviews of portions of selected issuer audits. These reviews were intended to identify whether deficiencies existed in the reviewed audit work, and whether such deficiencies indicated defects or potential defects in the Firm's system of quality control over audits. In addition, the inspection included a review of policies and procedures related to certain quality control processes of the Firm that could be expected to affect audit quality.

The Board is issuing this report in accordance with the requirements of the Act. The Board is releasing to the public Part I of the report and portions of Part IV of the report. Part IV of the report consists of the Firm's comments, if any, on a draft of the report. If the nonpublic portions of the report discuss criticisms of or potential defects in the Firm's system of quality control, those discussions also could eventually be made public, but only to the extent the Firm fails to address the criticisms to the Board's satisfaction within 12 months of the issuance of the report. Appendix A presents the text of the paragraphs of the auditing standards that are referenced in Part I.A. in relation to the description of auditing deficiencies there.

PROFILE OF THE FIRM

Offices 1 (Temple Terrace, Florida)

Ownership structure Limited liability company

Partners / professional staff 2 / 2

Issuer audit clients 16

Lead partners on issuer audit work 1

Other names used in audit reports Green & Company CPAs; Green & Company CPAs, Inc.

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1 The information presented here is as understood by the inspection team, generally as of the outset of the inspection, based on the Firm's self-reporting and the inspection team's review of certain information. Additional information, including additional detail on audit reports issued by the Firm, is available in the Firm's filings with the Board, available at http://pcaobus.org/Registration/rasr/Pages/RASR_Search.aspx.

2 The number of partners and professional staff is provided here as an indication of the size of the Firm, and does not necessarily represent the number of the Firm's professionals who participate in audits of issuers. The number of partners cited above represents the number of individuals with an ownership interest in the Firm.

3 The number of lead partners on issuer audit work represents the total number of Firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, Supervision of the Audit Engagement) during the twelve-month period preceding the outset of the inspection.
PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") conducted primary procedures for the inspection from December 4, 2017 to December 7, 2017.4

A. Review of Audit Engagements

The inspection procedures included reviews of portions of three issuer audits performed by the Firm. The inspection team identified matters that it considered to be deficiencies in the performance of the work it reviewed.

The descriptions of the deficiencies in Part I.A of this report include, at the end of the description of each deficiency, references to specific paragraphs of the auditing standards that relate to those deficiencies. The text of those paragraphs is set forth in Appendix A to this report. The references in this sub-Part include only the standards that most directly relate to the deficiencies and do not include all standards that apply to the deficiencies. Further, certain broadly applicable aspects of the auditing standards that may be relevant to a deficiency, such as provisions requiring due professional care, including the exercise of professional skepticism; the accumulation of sufficient appropriate audit evidence; and the performance of procedures that address risks, are not included in any references to the auditing standards in this sub-Part, unless the lack of compliance with these standards is the primary reason for the deficiency. These broadly applicable provisions are described in Part I.B of this report.

Certain deficiencies identified were of such significance that it appeared to the inspection team that the Firm, at the time it issued its audit report, had not obtained sufficient appropriate audit evidence to support its opinion that the financial statements were presented fairly, in all material respects, in conformity with the applicable financial reporting framework. In other words, in this audit, the auditor issued an opinion without satisfying its fundamental obligation to obtain reasonable assurance about whether the financial statements were free of material misstatement.

4 For this purpose, "primary procedures" include field work, other review of audit work papers, and the evaluation of the Firm’s quality control policies and procedures through review of documentation and interviews of Firm personnel. Primary procedures do not include (1) inspection planning, which is performed prior to primary procedures, and (2) inspection follow-up procedures, wrap-up, analysis of results, and the preparation of the inspection report, which extend beyond the primary procedures.
The fact that one or more deficiencies in an audit reach this level of significance does not necessarily indicate that the financial statements are materially misstated. It is often not possible for the inspection team, based only on the information available from the auditor, to reach a conclusion on those points.

Whether or not associated with a disclosed financial reporting misstatement, an auditor's failure to obtain the reasonable assurance that the auditor is required to obtain is a serious matter. It is a failure to accomplish the essential purpose of the audit, and it means that, based on the audit work performed, the audit opinion should not have been issued.\(^5\)

The audit deficiencies that reached this level of significance are described below–

A.1. Issuer A

(1) the failure to perform sufficient procedures to test the occurrence and valuation of revenue (AS 2301.13; 2810.30);

(2) the failure to perform sufficient procedures to evaluate the issuer's accounting for warrants (AS 2810.30); and

(3) the failure to perform sufficient procedures to test the valuation, and presentation and disclosure of receivables (AS 2301.13; AS 2810.30 and .31).

\(^5\) Inclusion in an inspection report does not mean that the deficiency remained unaddressed after the inspection team brought it to the Firm's attention. Depending upon the circumstances, compliance with PCAOB standards may require the Firm to perform additional audit procedures, or to inform a client of the need for changes to its financial statements or reporting on internal control, or to take steps to prevent reliance on its previously expressed audit opinions. The Board expects that firms will comply with these standards, and an inspection may include a review of the adequacy of a firm's compliance with these requirements, either with respect to previously identified deficiencies or deficiencies identified during that inspection. Failure by a firm to take appropriate actions, or a firm's misrepresentations in responding to an inspection report, about whether it has taken such actions, could be a basis for Board disciplinary sanctions.
B. Auditing Standards

Each deficiency described above could relate to several applicable provisions of the standards that govern the conduct of audits. The paragraphs of the standards that are cited for each deficiency are those that most directly relate to the deficiency. The deficiencies also relate, however, to other paragraphs of those standards and to other auditing standards, including those concerning due professional care, responses to risk assessments, and audit evidence.

Many audit deficiencies involve a lack of due professional care. Paragraphs .02, .05, and .06 of AS 1015, *Due Professional Care in the Performance of Work*, require the independent auditor to plan and perform his or her work with due professional care and set forth aspects of that requirement. AS 1015.07-.09 and paragraph .07 of AS 2301, *The Auditor’s Responses to the Risks of Material Misstatement*, specify that due professional care requires the exercise of professional skepticism. These standards state that professional skepticism is an attitude that includes a questioning mind and a critical assessment of the appropriateness and sufficiency of audit evidence.

AS 2301.03, .05, and .08 require the auditor to design and implement audit responses that address the risks of material misstatement. Paragraph .04 of AS 1105, *Audit Evidence*, requires the auditor to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the audit opinion. Sufficiency is the measure of the quantity of audit evidence, and the quantity needed is affected by the risk of material misstatement (in the audit of financial statements) and the quality of the audit evidence obtained. The appropriateness of evidence is measured by its quality; to be appropriate, evidence must be both relevant and reliable in providing support for the related conclusions.

The paragraphs of the standards that are described immediately above are not cited in Part I.A, unless those paragraphs are the most directly related to the relevant deficiency.

B.1. List of Specific Auditing Standards Referenced in Part I.A.

The table below lists the specific auditing standards that are referenced in Part I.A of this report, cross-referenced to the issuer audit for which each standard is cited.
C. Information Concerning PCAOB Inspections that is Generally Applicable to Triennially Inspected Firms

A Board inspection includes a review of certain portions of selected audit work performed by the inspected firm and a review of certain aspects of the firm's quality control system. The inspections are designed to identify deficiencies in audit work and defects or potential defects in the firm's system of quality control related to the firm's audits. The focus on deficiencies, defects, and potential defects necessarily carries through to reports on inspections and, accordingly, Board inspection reports are not intended to serve as balanced report cards or overall rating tools. Further, the inclusion in an inspection report of certain deficiencies, defects, and potential defects should not be construed as an indication that the Board has made any determination about other aspects of the inspected firm's systems, policies, procedures, practices, or conduct not included within the report.

C.1. Reviews of Audit Work

Inspections include reviews of portions of selected audits of financial statements and, where applicable, audits of internal control over financial reporting ("ICFR"). For these audits, the inspection team selects certain portions of the audits for inspection, and it reviews the engagement team's work papers and interviews engagement personnel regarding those portions. If the inspection team identifies a potential issue that it is unable to resolve through discussion with the firm and any review of additional work papers or other documentation, the inspection team ordinarily provides the firm with a written comment form on the matter and the firm is allowed the opportunity to provide a written response to the comment form. If the response does not resolve the inspection team's concerns, the matter is considered a deficiency and is evaluated for inclusion in the inspection report.

The inspection team selects the audits, and the specific portions of those audits, that it will review, and the inspected firm is not allowed an opportunity to limit or influence the selections. Audit deficiencies that the inspection team may identify include a firm’s failure to identify, or to address appropriately, financial statement

<table>
<thead>
<tr>
<th>PCAOB Auditing Standards</th>
<th>Issuer</th>
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<tr>
<td>AS 2301, The Auditor's Responses to the Risks of Material Misstatement</td>
<td>A</td>
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<tr>
<td>AS 2810, Evaluating Audit Results</td>
<td>A</td>
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</table>
misstatements, including failures to comply with disclosure requirements, as well as a firm's failure to perform, or to perform sufficiently, certain necessary audit procedures. An inspection may not involve the review of all of the firm's audits, nor is it designed to identify every deficiency in the reviewed audits. Accordingly, a Board inspection report should not be understood to provide any assurance that a firm's audit work, or the relevant issuers' financial statements or reporting on ICFR, are free of any deficiencies not specifically described in an inspection report.

In some cases, the conclusion that a firm did not perform a procedure may be based on the absence of documentation and the absence of persuasive other evidence, even if the firm claimed to have performed the procedure. AS 1215, Audit Documentation, provides that, in various circumstances including PCAOB inspections, a firm that has not adequately documented that it performed a procedure, obtained evidence, or reached an appropriate conclusion must demonstrate with persuasive other evidence that it did so, and that oral assertions and explanations alone do not constitute persuasive other evidence. In reaching its conclusions, an inspection team considers whether audit documentation or other evidence that a firm might provide to the inspection team supports the firm's contention that it performed a procedure, obtained evidence, or reached an appropriate conclusion. In the case of every matter cited in the public portion of a final inspection report, the inspection team has carefully considered any contention by the firm that it did so but just did not document its work, and the inspection team has concluded that the available evidence does not support the contention that the firm sufficiently performed the necessary work.

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6 When it comes to the Board's attention that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations, or cash flows of the issuer in conformity with the applicable financial reporting framework, the Board's practice is to report that information to the Securities and Exchange Commission ("SEC" or "the Commission"), which has jurisdiction to determine proper accounting in issuers' financial statements. Any description in this report of financial statement misstatements or failures to comply with SEC disclosure requirements should not be understood as an indication that the SEC has considered or made any determination regarding these issues unless otherwise expressly stated.
Identified deficiencies in the audit work that exceed a significance threshold (which is described in Part I.A of the inspection report) are summarized in the public portion of the inspection report.\(^7\)

The Board cautions against extrapolating from the results presented in the public portion of a report to broader conclusions about the frequency of deficiencies throughout the firm’s practice. Individual audits and areas of inspection focus are most often selected on a risk-weighted basis and not randomly. Areas of focus vary among selected audits, but often involve audit work on the most difficult or inherently uncertain areas of financial statements. Thus, the audit work is generally selected for inspection based on factors that, in the inspection team’s view, heighten the possibility that auditing deficiencies are present, rather than through a process intended to identify a representative sample.

C.2. Review of a Firm’s Quality Control System

QC 20, *System of Quality Control for a CPA Firm’s Accounting and Auditing Practice*, provides that an auditing firm has a responsibility to ensure that its personnel comply with the applicable professional standards. This standard specifies that a firm’s system of quality control should encompass the following elements: (1) independence, integrity, and objectivity; (2) personnel management; (3) acceptance and continuance of issuer audit engagements; (4) engagement performance; and (5) monitoring.

The inspection team’s assessment of a firm’s quality control system is derived both from the results of its procedures specifically focused on the firm’s quality control policies and procedures, and also from inferences that can be drawn from deficiencies in the performance of individual audits. Audit deficiencies, whether alone or when aggregated, may indicate areas where a firm’s system has failed to provide reasonable assurance of quality in the performance of audits. Even deficiencies that do not result in an insufficiently supported audit opinion may indicate a defect or potential defect in a

\(^7\) The discussion in this report of any deficiency observed in a particular audit reflects information reported to the Board by the inspection team and does not reflect any determination by the Board as to whether the Firm has engaged in any conduct for which it could be sanctioned through the Board’s disciplinary process. In addition, any references in this report to violations or potential violations of law, rules, or professional standards are not a result of an adversarial adjudicative process and do not constitute conclusive findings for purposes of imposing legal liability.
firm's quality control system.\textsuperscript{8} If identified deficiencies, when accumulated and evaluated, indicate defects or potential defects in the firm's system of quality control, the nonpublic portion of this report would include a discussion of those issues. When evaluating whether identified deficiencies in individual audits indicate a defect or potential defect in a firm's system of quality control, the inspection team considers the nature, significance, and frequency of deficiencies;\textsuperscript{9} related firm methodology, guidance, and practices; and possible root causes.

Inspections also include a review of certain of the firm's practices, policies, and processes related to audit quality, which constitute a part of the firm's quality control system. This review addresses practices, policies, and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention, and the establishment of policies and procedures.

END OF PART I

\textsuperscript{8} Not every audit deficiency suggests a defect or potential defect in a firm's quality control system, and this report may not discuss every audit deficiency the inspection team identified.

\textsuperscript{9} An evaluation of the frequency of a type of deficiency may include consideration of how often the inspection team reviewed audit work that presented the opportunity for similar deficiencies to occur. In some cases, even a type of deficiency that is observed infrequently in a particular inspection may, because of some combination of its nature, its significance, and the frequency with which it has been observed in previous inspections of the firm, be cause for concern about a quality control defect or potential defect.
PORTIONS OF THE REST OF THIS REPORT ARE NONPUBLIC AND ARE OMITTED FROM THIS PUBLIC DOCUMENT
B. Issues Related to Quality Controls

A firm’s system of quality control should provide reasonable assurance of compliance with applicable professional standards and regulatory requirements with respect to its audit practice (QC 20.04 and .17). On the basis of the information reported by the inspection team, including the audit performance deficiencies described in Part II.A (and summarized in Part I.A) and any other deficiencies identified below, the Board has concerns that the Firm’s system of quality control fails to provide such reasonable assurance in at least the following respects:

B.1. Due Professional Care

As discussed above, in the one of the audits reviewed, the inspection team reported identifying several significant audit deficiencies. With respect to each deficiency, based on review of the work papers and discussions with the engagement personnel, it appeared to the inspection team that the deficiency was attributable, at least in part, to the engagement personnel having approached that aspect of the audit without due professional care. This information provides cause for concern about whether the Firm’s engagement personnel will perform all aspects of their work on issuer audits with due professional care. [Issuer A]

B.2. Communications with Audit Committees Related to the Conduct of the Audit

The Firm’s system of quality control appears not to provide sufficient assurance that all of the required auditor communications to the audit committee, or equivalent, occur and are appropriately documented in accordance with AS 1301, Communications with Audit Committees. Specifically, the Firm failed to make the following required communications:

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10 This report’s description of quality control issues is based on the inspection team’s observations during the primary inspection procedures. Any changes or improvements that the Firm may have made in its system of quality control since that time may not be reflected in this report, but will be taken into account by the Board during its assessment of whether the Firm has satisfactorily addressed the quality control criticisms or defects within the twelve months after the issuance of this report.
(a) An overview of the overall audit strategy, including discussing with the audit committee the significant risks identified during the Firm's risk assessment procedures; [Issuer B]

(b) The results of the Firm's evaluation of, and conclusions about, the qualitative aspects of the issuer's significant accounting policies and practices; [Issuers A and B]

(c) The Firm's assessment of management's disclosures related to the critical accounting policies and practices; [Issuers A and B]

(d) The results of the Firm's evaluation of whether the presentation of the financial statements and related disclosures are in conformity with the applicable financial reporting framework; [Issuers A and B]

(e) Matters relating to the Firm's conclusion that there was substantial doubt about the issuer's ability to continue as a going concern, including the reasons for the modification to the auditor's standard report, the wording of the report, and the adequacy of the related disclosure related to the substantial doubt about the issuer's ability to continue as a going concern; [Issuers A and B] and

(f) The schedule of uncorrected and corrected misstatements. [Issuer B]

Based on review of the work papers and discussions with the engagement personnel, it appeared to the inspection team that these deficiencies were attributable, at least in part, to the Firm having approached this aspect of the audit without due professional care. This information provides cause for concern regarding the Firm's application of due professional care with respect to having and documenting the required auditor communications to audit committees.

B.3. Engagement Quality Review

In light of the audit performance deficiencies described in Part II.A (and summarized in Part I.A), questions exist about the effectiveness of the Firm's system of quality control with respect to the execution of engagement quality reviews in compliance with AS 1220, Engagement Quality Review. An engagement quality review performed with due professional care in compliance with AS 1220 should have
detected, and resulted in the Firm addressing, each of the deficiencies described in Part II.A. [Issuer A]

B.4. State Law Qualification Requirements

The Firm's system of quality control appears not to provide sufficient assurance that the Firm will comply with relevant state requirements concerning qualification to practice in a state. (QC 20.17) The inspection team observed that the Firm had performed the audit of an issuer whose principal executive office was located in a state that requires state registration as a prerequisite to performing audits for clients in that state, but the Firm was not registered with the state. [Issuer A]

B.5. PCAOB Standards and Rules

The table below lists the specific PCAOB standards and rules that are primarily related to the descriptions of defects in, or criticisms of, the Firm's system of quality control included in this Part of the report. 11

<table>
<thead>
<tr>
<th>PCAOB Standards / Rules</th>
<th>Part II Sections</th>
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<tr>
<td>AS 1015, Due Professional Care in the Performance of Work</td>
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<td>AS 1220, Engagement Quality Review</td>
<td>B.3</td>
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<tr>
<td>AS 1301, Communications with Audit Committees</td>
<td>B.2</td>
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<tr>
<td>QC 20, System of Quality Control for a CPA Firm's Accounting and Auditing Practice</td>
<td>B</td>
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11 This table does not necessarily include reference to every standard or rule that may have been related to the criticisms or potential defects that are included in Part II.
PART IV

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Firm provided a written response to a draft of this report and that response has received careful consideration. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report.12

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12 The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available. In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report at all. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.
Mr. George Botic
Acting Director - Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, DC 20006-2803

Dear Mr. Botic:

We appreciate the opportunity to provide our response to Part I of the Public Company Accounting Oversight Board’s (“PCAOB”) Report on the 2017 Inspection of Green & Company, CPAs, LLC.

We acknowledge the professionalism of the PCAOB inspectors and appreciate their views regarding our audits. We recognize that inspection comments may contain differences of professional opinion and judgment on accounting and auditing issues that were made throughout the course of our audits and those made by the PCAOB inspectors during their inspection. The nature of these differences involves the extent and type of documentation. Experienced, well-trained, professional can take different approaches and still achieve a high-quality audit in accordance with professional standards.

We have reviewed the comments made in the inspection report and find the following comments are factually incorrect.

Issuer A (2) the failure to perform sufficient procedures to evaluate the issuer’s accounting for warrants (AS 2810.30).
The PCAOB inspectors failed to obtain a working understanding of the legally binding agreements between the warrant holders and Issuer A. After explaining to the PCAOB inspectors that their understanding was incorrect and seeing that they had not yet realized their understanding was incorrect, we subsequently had the warrant holders confirm the correct understanding of the legally binding agreement. This confirmation was provided to the PCAOB inspectors, who appear to have ignored it. With the correct understanding of the terms in the legally binding agreement between the warrant holders and Issuer A, the accounting for the warrants was done in accordance with U.S. GAAP. The method for accounting for the related warrants suggested by the PCAOB would be a departure from U.S. GAAP.

Issuer A (3) the failure to perform sufficient procedures to test the valuation, and presentation and disclosure of receivables (AS 2501.13; as 2810.30 and .31).
Issuer A had two major categories of receivables during the period reviewed by the PCAOB inspectors. By showing the two major categories of trade receivables on the balance sheet, Issuer A complied with the last sentence of FASB ASC paragraph 310-10-45-2 that states “Major categories of loans or trade receivables shall be presented separately either in the balance sheet or in the notes to the financial statements.” The presentation and disclosure of receivables suggested by the PCAOB would be a departure from U.S. GAAP.

We are fully committed to quality audits for the protection of investors, other stakeholders, and general capital markets. The comments provided by the PCAOB inspection process will help us understand the PCAOB’s expectations and will be considered in our continual monitoring of quality controls.

Sincerely,

/s/ Green & Company, CPAs
Mr. George Botic
Acting Director - Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, DC 20006-2803

Dear Mr. Botic:

Re: Green & Company CPAs, LLC – Response to Part II of Draft Report on 2017 Inspection (NON-PUBLIC RESPONSE)

We are pleased to provide our Non-Public response to Part II of the Public Company Accounting Oversight Board’s (“PCAOB”) Report on the 2017 Inspection of Green & Company, CPAs.

We have reviewed the comments made in inspection report and find the following comments are factually incorrect.

**** REDACTED. Comments on Non-public Aspects of Report
B.1 Due professional Care
The claims that “the inspection team identifying several significant deficiencies.” We disagree with this claim since we have demonstrated above that several of the alleged deficiencies were the result of the inspection team not gaining a working understanding of legal agreements, ignoring evidence provided to them, failing to consider the application of FASB ASC paragraph 310-10-45-2, and the inspection team tried to tell us that the accounting for another liability of Issuer A should not have been a liability even though they could not produce any accounting standard showing it was incorrect and ignored the advice suggesting the accounting was correct from the AICPA Technical Hotline representative. We feel that we approached all our engagements with due professional care and given that a potential deficiency in an engagement should not be extrapolated to the extent that all our engagements are to be considered having been approached without due professional care.

B.2 Communications with Audit Committees Related to the Conduct of the Audit
The Firm’s system of quality control appears not to provide sufficient assurance that all of the required auditor communications to the audit committee or equivalent, occur and are appropriately documented in accordance with AS 1301, Communications with Audit Committees.

We would like to remind the Board that when it comes to Issuer A (1) there is no Audit Committee making the Board of Directors its equivalent (2) all three members of the Board of Directors are members of the Issuer’s management that were part of the audit and prepared the financial statements, including a going concern footnote (3) these Board members participated in filling out a checklist to determine if the Issuer had a going concern issue and gave us this checklist (4) made the determination that the Issuer had a going concern issue (5) and participated in the response to our comments and concerns on the financial statements. This demonstrates that we had the required
communications for the overall audit strategy, including significant risks; our evaluation, and conclusions about, the qualitative aspects of the significant accounting policies and practices; our assessment of management’s disclosure related to the critical accounting policies and practices; results of the financial statements conformity with US GAAP; and the conclusion about the substantial doubt to continue as a going concern with the equivalent of the Audit Committee for Issuer A. We would also like to mention that AS 1301, Communications with Audit Committees, paragraph 25 state “[t]he auditor should communicate to the audit committee the matters in this standard, either orally or in writing”. Since our documentation shows we had the required communications we have more than meet the requirements of AS 1301 Communications with Audit Committees regarding Issuer A.

B.3 Engagement Quality Review
This section indicates that “In light of the audit performance deficiencies described in Part II, A, questions exist about the effectiveness of the Firm’s system of quality control with respect to the execution of engagement quality reviews in compliance with AS 1220, Engagement Quality Review.”

It should be noted that of the three Issuers reviewed by the Inspection Team, only one had any comments whatsoever and of the three comments on that Issuer, we respectively disagree with two of them as shown above.

Based on this, we do not feel that the Firm’s system of quality control with respect to the execution of engagement quality reviews is not functioning in accordance with AS 1220, Engagement Quality Review.

B.4 State Law Qualification Requirements
We appreciate the inspection team’s noting that we were not properly registered in Issuer A’s state of incorporation. We reviewed all the various states we had clients incorporated in of both issuer and non-issuers, while the inspection team was still at our office, and found that Issuer A was the only client we had where we were not properly registered in the state of its incorporation. Since this is a one and only one instance it should not be considered a significant deficiency of the firm’s system of quality control.

Sincerely,
/s/ Green & Company, CPAs
APPENDIX A

This appendix provides the text of the auditing standard paragraphs that are referenced in Part I.A of this report. Footnotes that are included in this appendix, and any other Notes, are from the original auditing standards that are referenced. While this appendix contains the specific portions of the relevant standards cited with respect to the deficiencies in Part I.A of this report, other portions of the standards (including those described in Part I.B of this report) may provide additional context, descriptions, related requirements, or explanations; the complete standards are available on the PCAOB's website at http://pcaobus.org/STANDARDS/Pages/default.aspx.13

<table>
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<tr>
<th>AS 2301, The Auditor’s Responses to the Risks of Material Misstatement</th>
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<tr>
<td><strong>RESPONSES INVOLVING THE NATURE, TIMING, AND EXTENT OF AUDIT PROCEDURES</strong></td>
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<td>Responses to Fraud Risks</td>
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<td><strong>EVALUATING THE RESULTS OF THE AUDIT OF FINANCIAL STATEMENTS</strong></td>
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<td>Evaluating the Presentation of the Financial Statements, Including the Disclosures</td>
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<td>AS 2810.30</td>
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13 The text presented in this appendix represents the standards as in effect during the applicable audit period.
## AS 2810, Evaluating Audit Results

<table>
<thead>
<tr>
<th>Note: AS 2815, The Meaning of “Present Fairly in Conformity With Generally Accepted Accounting Principles,” establishes requirements for evaluating the presentation of the financial statements. AS 2820, Evaluating Consistency of Financial Statements, establishes requirements regarding evaluating the consistency of the accounting principles used in financial statements. Note: The auditor should look to the requirements of the Securities and Exchange Commission for the company under audit with respect to the accounting principles applicable to that company.</th>
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<tr>
<td>AS 2810.31 As part of the evaluation of the presentation of the financial statements, the auditor should evaluate whether the financial statements contain the information essential for a fair presentation of the financial statements in conformity with the applicable financial reporting framework. Evaluation of the information disclosed in the financial statements includes consideration of the form, arrangement, and content of the financial statements (including the accompanying notes), encompassing matters such as the terminology used, the amount of detail given, the classification of items in the statements, and the bases of amounts set forth. Note: According to AS 3101, if the financial statements, including the accompanying notes, fail to disclose information that is required by the applicable financial reporting framework, the auditor should express a qualified or adverse opinion and should provide the information in the report, if practicable, unless its omission from the report is recognized as appropriate by a specific auditing standard.</td>
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<td>Issuer A</td>
</tr>
</tbody>
</table>

### Footnote to AS 2810.31

18 AS 3101.41-.44.