

**MOBILE BAY WATCH, INC.**  
**5 North Jackson Street**  
**Mobile Alabama 36602**

March 21, 2005

Mostellar & Shreve  
Certified Public Accountants  
23 Midtown Park Dr. W.  
Mobile, Al 36606

We are providing this letter in connection with your audit of the statement of cash receipts and disbursements of Mobile Bay Watch, Inc. as of December 31, 2003 for the purpose of expressing an opinion as to whether the financial statement of Mobile Bay Watch, Inc. is fairly presented, in all material respects, in conformity with the cash basis of accounting. We confirm that we are responsible for the fair presentation in the financial statement in conformity with the cash basis of accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

1. The financial statement referred to above is presented fairly in conformity with the cash basis of accounting.
2. We have made available to you all -
  - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Minutes of meetings of Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statement.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. We have no knowledge of fraud or suspected fraud affecting the Organization involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statement.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.
8. The Organization has no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or net asset balances.
9. The following, if any, have been properly recorded or disclosed in the financial statement:
  - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
10. We have approved and recorded all adjusting journal entries to our financial statement proposed by you.
11. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statement. We understand that *near term* means the period within one year of the date of the financial statement. In addition, we have no knowledge of concentrations existing at the date of the financial statement that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statement.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
12. Mobile Bay Watch, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise tax, have been disclosed to you. All required filings with tax authorities are up to date.
13. There are no –
  - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statement or as a basis for recording a loss contingency.
  - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statement in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
  - d. Designations of net assets disclosed to you that were not properly authorized or approved, or reclassifications of net assets that have not been properly reflected in the financial statement.
14. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
15. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statement in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustments to, or disclosure in, the financial statement.

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Chairman of the Board

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Treasurer

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Executive Director