

SMT & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

October 10, 2006

Mr. Eric Lecuyer
Executive Director
Central States Water Environment Association, Inc.
3809 Shenandoah Drive
Crystal Lake, IL 60012

Dear Eric:

We are pleased to submit our proposal for conducting the audit examination of the Central States Water Environment Association, Inc. for the year ended December 31, 2006.

We will audit the Statement of Financial Position – Cash Basis, of Central States Water Environment Association, Inc. as of December 31, 2006, and the related Statement of Activities – Cash Basis for the 12 months then ended.

Our audit will be made in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our opinion.

Upon completion of the audit examination we will review the management letter and audit report with the Organization's management prior to issuing any of the reports.

We estimate our fee for the audit examination and tax return to be \$2,400. This estimate is based on our projection of time requirements with the understanding the following conditions will be met:

1. The general ledger is in balance;
2. The cash is reconciled, on a monthly basis, to the amounts shown on your general ledger;
3. Supporting schedules or reconciliations are available for balance sheet accounts as of the end of the fiscal year, including the prior fiscal year;
4. Your accounting and financial personnel will be readily available to answer questions, locate documents and resolve problems, when needed.

Should additional fees be required under the above circumstances, we would inform you of such additional costs and agree upon additional fees before continuing or completing our work.

Furthermore, the parties agree that if an unanticipated need arises (such as, but not limited to, an audit by a taxing agency, or any other service not anticipated in this agreement by the parties), we hereby agree to perform this additional work at a mutually agreed upon price *before the service is provided*. This service will be billed separately, as part of a change order, and will be payable upon presentation.

If you agree that the above adequately sets forth your understanding of our mutual responsibilities, please authorize this agreement and return it to our office.

We would like to take this opportunity to express our appreciation for the opportunity to serve you.

Sincerely,

By: _____
Steve Trojan, CPA
SMT & Associates, Inc.

Agreed to and authorized:

By: _____ Date: _____
Eric Lecuyer
Central States Water Environment Association, Inc.