

Member American Institute of  
Certified Public Accountants

Member Virginia Society of  
Certified Public Accountants



**STEPHEN MERRITT, CPA, P.C.**  
Certified Public Accountants

December 8, 2010

Payday Payroll Services, Inc.  
6465 College Park Square, Suite 200  
Virginia Beach, VA 23464

Re: SAS 70, Interim period comfort letter for Independent Auditors

The SAS 70 Type II audit for Payday Payroll Services, Inc. covered the description of controls for the controls placed in operation for the period from July 1, 2008 to June 30, 2009. Stephen Merritt, CPA, P.C. examined the description of controls and issued an Independent Auditors Report with an unqualified opinion that stated the following:

- Payday Payroll Services, Inc.'s description of controls presented fairly, in all material respects, the aspects of Payday Payroll Services, Inc.'s controls that may be relevant to a user organization's internal control, as it relates to an audit of financial statements.
- The controls were suitably designed to provide reasonable assurance that the control objectives, would be achieved if the described controls were complied with satisfactorily, and user organizations and sub-service organizations applied the controls contemplated in the design of Payday Payroll Services, Inc.' controls.
- Such controls had been placed in operation as of June 30, 2009.
- The controls that were selected for testing were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the period from July 1, 2008 to June 30, 2009.

Payday Payroll Services, Inc.'s management continues to actively review their internal control processes and systems on an on-going basis. Additionally, Management has engaged Stephen Merritt, CPA, P.C. to examine the description of controls related to payroll processing services for the period from July 1, 2010 to June 30, 2011.

Payday Payroll Services, Inc. selected this audit period so the user organizations auditors receive the SAS 70 type II audit report in time for the calendar year-end financial statement audit planning phase. Since the audit opinion does not extend beyond the audit period of June 30, 2009, this letter assists the user

233 Business Park Drive, Suite 104, Virginia Beach, VA 23462  
Office: 757-420-5778 Fax: 757-420-5381

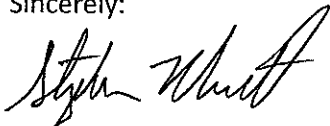
organization auditors in understanding any material changes to Payday Payroll Services, Inc.'s control environment for the period from July 1, 2009 to December 8, 2010.

During the interim period from June 30, 2009 through December 8, 2010, essential elements of the control environment such as governance and management, communication and information, risk assessment, monitoring and organizational structure remained relatively unchanged from those in place during the audit period. Management has represented to Stephen Merritt, CPA, P.C. that there were no material changes to the internal control environment related to payroll processing services at Payday Payroll Services, Inc. for the period from July 1, 2009 through December 8, 2010 as compared to the controls described in the SAS 70 type II report for the period ending June 30, 2009.. Additionally, no material changes are anticipated in the near future.

Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at Payday Payroll Services, Inc. is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes may alter the validity of such conclusions.

This letter is intended solely for use by the management of Payday Payroll Services, Inc., its clients, and the independent auditors of its user organizations.

Sincerely:

A handwritten signature in cursive script, appearing to read "Stephen Merritt".

Stephen Merritt, CPA