

Management Letter

December 23, 2009

Board of Directors
Columbus State Community College
Development Foundation, Inc.
Columbus, Ohio

We have audited the financial statements of Columbus State Community College Development Foundation (Foundation) for the year ended June 30, 2009, and have issued our report thereon dated December 23, 2009.

In planning and performing our audit of the financial statements of the Foundation for the year ended June 30, 2009, we considered the Foundation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

During our audit, we became aware of matters about which we would like to bring to your attention. Our comments are made to assist the management of the Foundation in performing its oversight responsibility and represent opportunities for strengthening internal control and operating efficiency. Accordingly, our comments should not be considered a reflection on the integrity or abilities of any employee associated with the Foundation's operations. We welcome the opportunity to submit these comments to the Board of Trustees and management for your consideration. If desired, our engagement team is available to discuss these matters in further detail.

Sincerely,

Parms & Company, LLC

Non-Monetary Contribution Documentation

The process for determining the value of non monetary contributions lacks a standardized form or process for documenting the value determined. The Foundation has in prior year's received non monetary donations from donors which then were donated by the Foundation to Columbus State Community College for use in the College's operations. Until 2009, the Foundation had not attempted to determine the value of these non-monetary donations. The Foundation in 2009 began a more deliberate process for tracking non-monetary contributions. For fiscal year 2009, the estimated value of non-monetary contributions was recorded by the Foundation in their statement of activities for the fiscal year. Our testing of non-monetary contributions revealed a lack of a formal approval process for the valuation method used. We believe a standardized form could assist the Foundation in formalizing the methods used to determine a contribution's value as well as establish an approval process for the value determined. We recommend the Foundation develop a form for documenting the final valuation, indicating the basis for determining that valuation and formal approval of value utilized.

Management Response

Prior to 2009, the Columbus State Development Foundation (the Foundation) valued non-monetary gifts based on appraised values provided by the donor if the item was believed to have a potential value above \$5,000. Items that were believed to have a fair market value under \$5,000 were documented through a variety of sources including the use of appraisers, college personnel with knowledge of the donated item, retailer's websites, catalogues, and/or current price lists from businesses that sold these items. While there may not have been a formal approval process for the valuation method used, valuations of material items have always been obtained using the method most appropriate for the donated item, in conjunction with the College's Business Services personnel and recorded in the financial activity of the Foundation.

The Foundation office is currently working with the College's Business Services department to develop a standardized valuation form for all non-monetary contributions, regardless of estimated value. This standardized form will include information about the item that was donated including model numbers, a complete description, the donor name, documentation of the fair market value, and the source for this documentation. This documentation will be attached to the journal entry prepared to record the donation and this journal entry will be approved by a Business Services administrator.

Allowance for Uncollectible Pledges

We noted a number of the pledges listed as small gifts have been outstanding for over a year with no payments received during the past fiscal year. We believe management should review outstanding pledges for collectability and determine whether an allowance for uncollectible pledges is necessary to be established.

Management Response

The Foundation's Executive Director will establish a practice to meet annually with representatives from the College Business Services department to review all outstanding pledges to determine which are collectable and which need to be written off. As the value of these small gifts is not material, it is unlikely that an allowance for uncollectable accounts would be necessary. Smaller pledges, in general, are a result of the Foundation's phone-a-thon program conducted annually when it is economically feasible.