



Trinity

***COMMENTS AND SUGGESTIONS
FOR YOUR CONSIDERATION AND
REQUIRED COMMUNICATIONS***

JUNE 30, 2013

TRINITY COLLEGE

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REQUIRED COMMUNICATIONS***

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CONTENTS

	Page
COMMENTS AND SUGGESTIONS	
• Independent Auditor’s Report on Comments and Suggestions	3
• College Assistance During the Audit	5
• Comments and Suggestions Resulting from the Current Year Audit	5
• Status of Prior Year’s Comments and Suggestions	5
REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	7



INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Board of Trustees and Management of
Trinity College
Washington, D.C.

In planning and performing our audit of the financial statements of Trinity College (the "College") as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audits, we became aware of several matters that provide opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are included in the attached report along with our review of the status of the comments. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. It is our hope that these suggestions will be taken in the constructive light in which they are offered.

We have already made these comments and suggestions available to management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Management's responses to our comments and suggestions identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Board of Trustees, management, others within the College, and appropriate regulatory agencies, if applicable, and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
September 25, 2013

COLLEGE ASSISTANCE DURING THE AUDIT

We extend our thanks to Barbara Lettiere, Tracy Berman-Kagan, Eric James, and all the business office staff for their assistance and attention during the 2013 audit engagement.

COMMENTS AND SUGGESTIONS RESULTING FROM THE CURRENT YEAR AUDIT

None.

STATUS OF PRIOR YEAR'S COMMENTS AND SUGGESTIONS

1. Calculating Depreciation

We noted the College's fixed asset sub-ledger is maintained in Excel. The calculation of depreciation expense is also completed using these Excel spreadsheets. Although no errors were noted during our audit procedures, the use of Excel to track fixed assets and calculate depreciation expense provides greater opportunity for errors to occur. We suggest the College implement a fixed asset software package and eliminate depreciation calculations by spreadsheet. Doing so would reduce the probability of errors while providing more useful information for management decisions.

Status: *Still applicable.*

Management's Response: *The Excel spreadsheet method of calculating depreciation has been used successfully by Trinity's business office for many years, and Trinity has appropriate controls in place to review the depreciation calculation and mitigate any risk of calculation errors or misstatements.*

It has always been management's intent to purchase and implement a fixed asset module when the Academic Center building starts incurring costs and results in a dramatic increase in fixed assets. Our general ledger software provider has advised management that the time, effort, and cost may not be advisable at the current point when approximately 50% of Trinity's fixed assets are fully depreciated, and should be looked at when Trinity expects to incur a large amount of new fixed assets. As a result of this recommendation, Trinity will defer the implementation of a fixed asset system until the new building project begins.

2. Enhancing the Budgeting Process

The College currently prepares an annual budget that primarily covers the current, unrestricted activities of the College. To help ensure the total financial picture of the College is being considered, we recommend management consider developing an all-funds budget model. In addition to an all-funds approach, we recommend management consider developing a five-year budget model. This will help management take a long-term view at the financial situation of the College. It is our understanding that management is in the process of developing such a multi-year budget model.

Status: *Still applicable.*

Management's Response: *Management is still not using an "all-funds" budget approach. The five-year strategic model was done in 2006, and a five-year projection was presented to the Board of Trustees in September 2010. For the 2012 fiscal year, the College has implemented a capital budget, as recommended by Brown Edwards.*

**STATUS OF PRIOR YEAR'S COMMENTS AND SUGGESTIONS
(Continued)**

3. Information Technology (IT) Internal Control Findings and Recommendations

In gaining our understanding of Information Technology (IT) and the related controls, we noted several items that might pose risks to the College. We have already communicated these potential risks to management, and have summarized them below for purposes of this communication. We recommend the College consider these risks and determine if any additional measures may need to be taken in these areas:

- The written Disaster Recovery Plan is not detailed and up-to-date, assumes the availability and knowledge of certain key IT staff, and has not been tested, which could increase the time and expense needed to recover in the case of a disaster.

Status: *In process.*

Management's Response: *Significant enhancements in FY' 13 have been completed to improve disaster recovery capabilities. All production data, to include administrative, student and financial databases, are replicated to a disaster recovery warm site. A detailed Disaster Recovery Plan has been written and published during July 2013, with testing to be completed by November 2013.*

**REQUIRED COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE**

To the Audit Committee of
Trinity College
Washington, D.C.

We have audited the financial statements of Trinity College for the year ended June 30, 2013, and have issued our report thereon dated September 25, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated September 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2013. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the valuation of conditional asset retirement obligations and the valuation of split interest agreements included in contributions receivable. We evaluated the key factors and assumptions, including discount rates and life expectancies, used in determining that the valuation is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements indentified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2013.

Management’s Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the College’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Trustees, and management of Trinity College and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
September 25, 2013