

TAIT, WELLER & BAKER LLP
Certified Public Accountants

**Finance Committee
Lancaster Bible College & Graduate School
Lancaster, Pennsylvania**

In planning and performing our audit of the financial statements of Lancaster Bible College & Graduate School (the "College") as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted the following deficiencies in internal control during our 2009 audit:

Payroll

During 2009, the College outsourced its payroll processing to a third-party service provider. As such, presently all information related to employee payroll is prepared and submitted by one individual. In reviewing the payroll process, it was noted there was no independent review of payroll subsequent to processing by the payroll service bureau. To strengthen the controls over these disbursements, we recommend a review of the payroll register be made by someone independent of the payroll function.

Student Accounts Receivable

Student accounts receivable should be reviewed on a timely basis for past-due amounts. Accounts past-due over 120 days had increased to approximately \$202,000 at June 30, 2009 as compared to approximately \$118,000 at June 30, 2008. A review of these past-due accounts for collectibility was made by management during the audit. More timely analysis of accounts receivable will result in prompt follow-up procedures allowing for better collections and improved cash flows to the College.

**Finance Committee
Lancaster Bible College
Page Two**

This communication is intended solely for the information and use of management, the Finance Committee, and others within the College, and is not intended to be and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
September 2, 2009**