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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 19, 2004

Mr. David S. Bunton
Executive Vice President
The Appraisal Foundation
1029 Lermont Ave., NW, Suite 900
Washington, DC 20005-3517

Dear Mr. Bunton:

Enclosed is a copy of the Agreed-Upon Procedures on the Appraisal Foundation report prepared by BDO Seidman, LLP for the Appraisal Subcommittee. This report resulted from the financial and operations review of the Appraisal Foundation for calendar year 2003, performed by BDO Seidman. As a Federal agency, we must have these reviews performed periodically. We are pleased that the review did not reveal any significant shortcomings in the reviewed areas. The review, however, did identify some areas that require attention. We address these issues below in the order presented in the report.

Ascertain that costs charged to the grant are allowed under the grant agreement.

- BDO Seidman noted 17 time sheets that were not signed for approval by a responsible official as required under OMB Circular No. A-122.

Ascertain that the costs charged to the grant for conference calls are allowable under the grant agreement.

- BDO Seidman noted that minutes were unavailable for one AQB conference call and for three ASB conference calls. Foundation staff explained that minutes were not prepared for these calls as they were “pre-meetings” and/or no action was taken as a result of the conference call. Please note that if costs associated with a conference call are to be charged against the grant, the Foundation needs to take adequate minutes to substantiate grant-related from non-grant-related discussions and times.

We appreciate your cooperation in this review and your attention to the items identified in the review. If you have any questions regarding the review or the items noted in this letter, please let me know.

Sincerely,

Ben Henson
Executive Director

Enclosure