The Tech Museum of Innovation

Recommendations to Management
December 31, 1994

Price Waterhouse LLP

August 4, 1995

To the Board of Directors of The
   Tech Museum of Innovation

We have audited the financial statements of the Tech Museum of Innovation (the
Tech) for the year ended December 31, 1994 and have issued our report thereon
dated August 4, 1995.

In planning and performing our audit of the financial statements of the Tech for the
year ended December 31, 1994, we considered its internal control structure in order
to determine our auditing procedures for the purpose of expressing our opinion on
the financial statements and not to provide assurance on the internal control
structure.

The accompanying memorandum, "Recommendations to Management" includes
prior year recommendations which remain outstanding, current year
recommendations and a summary of the prior year recommendations which were
implemented during the year. We believe that the outstanding recommendations
would improve the system of internal accounting control and administrative
efficiency. This report is intended solely for the information and use of the Board of
Directors and management of the Tech Museum of Innovation.

We wish to express our appreciation for the cooperation and courtesy extended to
us by the management and employees of the Tech.

Yours very truly,

Price Waterhouse LLP

Enclosure -
Recommendations to Management

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Recommendations to Management
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PRIOR YEAR RECOMMENDATION

RECOMMENDATION 1:

Bank reconciliations should be prepared by someone independent of other cash functions.

The individual responsible for preparing bank reconciliations should be independent of cash receipts and disbursement functions. Adequate segregation of these duties would strengthen the internal accounting controls.

Management's Response

The Tech agrees with this recommendation and will assign responsibility for bank reconciliations independent from other cash functions. Implementation of this recommendation during the prior year was prevented due to staff limitations. An increase in the administration staff effective October 1995 will increase the opportunities for segregation of responsibilities.

CURRENT YEAR RECOMMENDATION

RECOMMENDATION 1:

The Tech should consider formalizing its accounting policy for long-term lease agreements.

Currently, the Tech recognizes rent expense based upon the cash payments made under lease agreements. Generally accepted accounting principles requires leasees to recognize rent expense on leases which include scheduled rent increases on a straight line basis. Accordingly, the Tech should formalize its policy for reviewing leases entered into, to ensure rent expense is accounted for in accordance with generally accepted accounting principles.

Management's Response

The Tech concurs with this recommendation. The Tech's Financial Policies and Procedures will be revised to formalize the implementation of this recommendation.

The following prior year internal control recommendations have been implemented:

RECOMMENDATION 1: *Procedures for Federal grant related contracts have been updated to comply with requirements set forth in Attachment 1 of OMB A-110.*

RECOMMENDATION 2: *The bookstore's year-end inventory was observed and tested by someone independent of the operation.*

RECOMMENDATION 3: *Thorough investigation of significant book-to-physical inventory adjustments resulting from the summarization of the physical inventory has been made.*

RECOMMENDATION 4: *Perpetual inventory records have been properly maintained and integrated into the general ledger control accounts.*

RECOMMENDATION 6: *Controls surrounding the receipt of contributions have been strengthened.*

RECOMMENDATION 7: *Controls surrounding the receipt of admission fees have been strengthened.*