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**United States General Accounting Office
Washington, DC 20548**

**Accounting and Information
Management Division**

B-285950

August 25, 2000

The Honorable Henry J. Hyde
Chairman, Committee on the Judiciary
House of Representatives

Subject: Federally Chartered Corporation: Review of the Financial Statement Audit Reports for the National Academy of Sciences for Fiscal Year 1998 and the 6 Months Ended December 31, 1998

Dear Mr. Chairman:

As requested, we reviewed the audit reports covering the financial statements of the National Academy of Sciences, a federally chartered corporation, for the fiscal year ended June 30, 1998 and the 6 months ended December 31, 1998. The corporation changed the end of its accounting period from June 30 to December 31 during 1998. The corporation operates as a private cooperative society of distinguished scholars engaged in scientific or engineering research, dedicated to the furtherance of science and its use for the general welfare.

Federally chartered corporations are required under 36 U.S.C. 10101 to

- present the corporation's assets and liabilities and reasonable detail on the corporation's income and expenses in annual financial statements,
- obtain an annual financial audit by an independent public accountant, and
- submit the auditor's report and the corporation's financial statements to the Congress.

The objective of our review was to determine whether the audit reports complied with the financial reporting requirements of the law. In carrying out our work, we reviewed the corporation's financial statements and the accompanying notes, performed certain analytical procedures related to information presented in the financial statements, reviewed the auditors' reports, and made inquiries to corporation officials or the auditors as we deemed necessary. We did not review the auditors' working papers. Our review disclosed no reportable instances of noncompliance.

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The audit reports included the auditors' opinions that the financial statements of the corporation were presented fairly in accordance with generally accepted accounting principles. We are returning the audit reports you sent with your letter.

Sincerely yours,

A handwritten signature in black ink that reads "David L. Clark". The signature is written in a cursive style with a large, stylized initial "D".

David L. Clark
Director, Audit Oversight and Liaison

Enclosure

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