



United States General Accounting Office
Washington, DC 20548

May 17, 2002

The Honorable F. James Sensenbrenner, Jr.
Chairman, Committee on the Judiciary
House of Representatives

Subject: Federally Chartered Corporation: Review of the Financial Statement Audit Reports for the Naval Sea Cadet Corps for 2000 and 1999

Dear Mr. Chairman:

As requested, we reviewed the audit reports covering the financial statements of the Naval Sea Cadet Corps, a federally chartered corporation, for the year ended December 31, 2000 and 1999. The corporation's purpose, in cooperation with the Department of the Navy, is to encourage and aid American young people to develop an interest and skill in basic seamanship and its naval adaptations, and to train them in seagoing skills.

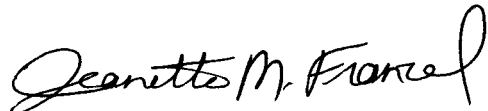
Federally chartered corporations are required under 36 U.S.C. 10101 to

- 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 auditors' 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, and reviewed the auditors' reports. We also held limited discussions with the corporation's auditors regarding potential enhancements that could be made to the corporation's financial reporting. However, we did not review the auditors' working papers, and we are not rendering an audit opinion. Our review disclosed no reportable instances of noncompliance with the financial reporting requirements of the law.

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 "Jeanette M. Franzel". The signature is written in a cursive style with a large, looping initial 'J'.

Jeanette M. Franzel
Acting Director
Financial Management and Assurance

w/o Enclosures

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