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United States General Accounting Office
Washington, DC 20548

September 20, 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 Retired Enlisted Association, Incorporated, for 2001, 2000, and 1999

Dear Mr. Chairman:

As requested, we reviewed the audit reports covering the financial statements of The Retired Enlisted Association, Incorporated, a federally chartered corporation, for the years ended December 31, 2001, 2000, and 1999. The corporation promotes its members professionally and culturally and helps to improve the relationship between the civilian and military populace and acts as liaison with the active personnel of the Armed Forces.

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' report. We also held limited discussions with the corporation's Finance Committee Chairman regarding the corporation's audit reports. However, we did not review the auditors' working papers, and we are not rendering an audit opinion.

The audit reports included the auditors' opinions that the financial statements of the corporation do not present fairly, in accordance with U. S. generally accepted accounting principles, the financial position of the corporation or the changes in its net assets or cash flows for 2001, 2000, and 1999. The auditors concluded the financial statements were not fairly presented because the annual financial results and year-end financial position of a related organization, the TREA Senior Citizens League in which the Retired Enlisted Association had a controlling interest, were not included in the financial statements of the corporation. The Retired Enlisted Association has declined to disclose financial information for the TREA Senior Citizens League.

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, flowing style.

Jeanette M. Franzel
Director
Financial Management and Assurance

w/o Enclosures

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