

REPORT OF THE COMMITTEE ON AUDIT REVIEW  
TO THE  
BOARD OF DIRECTORS

Members of the Board of Directors serving on the 2003-2004 Audit Review Committee are listed below:

Mr. Ronald Weinberg, Chairman  
Dr. Millicent Goldschmidt  
Dr. John(Jack) Sommer

The Committee met on Monday, October 4, 2004 to review the Sigma Xi Financial Statements and the Auditors' Report for fiscal year 2004. Joining the Committee in the meeting were Dr. Patrick Sculley, Executive Director and Ms. Jasmine Shah (Director of Budget & Finance) representing Sigma Xi management and Mr. Walter Davenport (Partner) and Ms. Susan Miller (Senior Manager) of the auditing firm of Cherry, Bekaert and Holland, L.L.P. Dr. John Sommer joined the meeting via conference call. Copies of the financial statements and associated documents were sent to all participants for their review prior to the meeting.

Committee members asked for clarification of some entries in the financial statements. Dr. Sculley, Ms. Shah and the auditors satisfactorily answered all questions that were raised. The Committee had subsequent closed sessions with the auditors and with management of Sigma Xi.

A management letter with following recommendation was issued by the auditors:

1. It was recommended that the Accounting Assistant review all batch sheets to verify they have been properly completed and indicate the reason for any variances between batch totals on the batch sheet. Also, it was recommended that the Director of Budget and Finance review daily batch reconciliation once a month.

The management has since created a revised cash receipt process that has been reviewed by the auditors.

In addition to the above recommendation, several other recommendations were made to the Audit Review Committee members that will be taken into consideration. Audit Review Committee members also made some suggestions to the management.

The Committee members unanimously agreed to accept the recommendation made by the auditors.

The Committee was pleased to receive an unqualified opinion on the financial statements from the Auditors. The auditors reported that there were no material errors or irregularities and no material weaknesses in the accounting or financial activities of the Society. The high level of openness, availability and cooperation of the Society's financial managers with the auditors was noted. The Auditors also assured the Committee that there were no significant adjustments or reclassifications recorded or significant changes in accounting policies.

In sum, the Auditors offered the opinion that: "... the financial statements referred to above present fairly, in all material respects, the financial position of Sigma Xi, The Scientific Research Society, Incorporated as of June 30, 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America." The Committee on Audit Review unanimously accepted this judgment by the Auditors.

Respectfully submitted,  
Ronald Weinberg, Chairman  
Committee on Audit Review