

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

Members serving on the 2013 -2014 Audit Review Committee are listed below:

Thomas Laming, chair
Kenneth Audus, member
W. Franklin Gilmore, member

The Committee met via conference call on Monday, October 6, 2014 to review the Sigma Xi Financial Statements and the Auditors' Report for fiscal year 2014. Joining the Committee on the call were Ms. Jasmine Shah (Interim Co-Director of Operations and Director of Finance and Administration) representing Sigma Xi management and Matt Barnette, Brandon Martin and Sarah Johnson of the auditing firm of CliftonLarsonAllen. Copies of the financial statements and associated documents were reviewed by all participants prior to the conference call.

Mr. Barnette, Mr. Martin and Ms. Johnson presented highlights of their report and satisfactorily answered questions posed by the committee.

In sum, the Auditors reported an unqualified opinion stating that "In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sigma Xi, The Scientific Research Society, Inc. and Subsidiary and Affiliate as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."

The Committee on Audit Review unanimously accepted this opinion of the Auditors.

The auditors did identify, and reported in a separate letter, a material weakness in internal control relating to segregation of duties. This weakness is the result of limited staffing in accounting and finance. The Committee on Audit Review is satisfied that management is taking the necessary steps to ensure adequate internal controls despite the challenges associated with the size of the entity's accounting and finance staff. The auditors also made the Committee aware of other matters that present an opportunity to strengthen the Society's internal controls and improve the efficiency of its operations. The suggestions related to: the use of the TIAA-CREF Retirement Plan by current and former employees, vacation accrual policies, monthly prepaid expense reporting, unclaimed checks, and restrictions on the use of permanently restricted net assets.

The Committee held an executive session to further discuss the audit results.

Respectfully submitted,
Thomas Laming, Chair
Committee on Audit Review