

The American Sociological Association

OMB Circular A-133
Supplementary Financial Report
Year Ended December 31, 2004

McGladrey & Pullen
Certified Public Accountants

The American Sociological Association

**OMB Circular A-133
Supplementary Financial Report**

Year Ended December 31, 2004

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Council
The American Sociological Association
Washington, D.C.

We have audited the financial statements of The American Sociological Association (the Association) as of and for the year ended December 31, 2004, and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and responses as item 2004-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council, management and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Bethesda, Maryland
April 8, 2005

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Certified Public Accountants

Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

To the Council
The American Sociological Association
Washington, D.C.

Compliance

We have audited the compliance of The American Sociological Association (the Association) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 2004. The Association's major Federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, The American Sociological Association complied, in all material respects, with the requirements referred to above that are applicable to the major Federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on a major Federal program, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Association's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of The American Sociological Association as of and for the year ended December 31, 2004, and have issued our report thereon dated April 8, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Council, management and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Bethesda, Maryland

April 8, 2005

The American Sociological Association

**Schedule Of Expenditures Of Federal Awards
Year Ended December 31, 2004**

Federal Grantor/Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
Department of Health and Human Services			
National Institute of Mental Health:			
Mental Health National Research			
Service Awards for Research Training	93.282	5-T32MH15722	\$ 664,289
National Science Foundation:			
Education and Human Resources	47.076	DUE-0089006	72,144
Social, Behavioral, and Economic Sciences	47.075	SES-0209367	52,487
		SES-0417832	13,676
			<u>\$ 802,596</u>

See Note To Schedule Of Expenditures Of Federal Awards.

The American Sociological Association

Note To Schedule Of Expenditures Of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Association and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The American Sociological Association

Schedule Of Findings And Questioned Costs
Year Ended December 31, 2004

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? X Yes None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? X Yes None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

- Any auditor findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133

 X Yes No

Identification of major programs:

CFDA Number(s)

93.282

Name of Federal Program or Cluster

Mental Health National Research Service
Awards for Research Training

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes No

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**Schedule Of Findings And Questioned Costs (Continued)
Year Ended December 31, 2004**

SECTION II. FINANCIAL STATEMENT FINDINGS

Reportable Conditions

Finding 2004-1: Segregation of Duties

Criteria: In a proper system of internal control, journal entries should be reviewed by a separate employee before being entered into the general ledger.

Condition and cause: Due to the small number of staff employed by the Association, a proper system of segregation of duties is not possible in all respects. Accordingly, journal entries prepared by the Controller were not approved.

Effect: The effect of this condition is that errors or irregularities may occur and not be detected by others in the performance of their assigned duties.

Recommendation: We recommend where possible that the Accounting Clerk prepare the journal entries and the Controller review them before being entered into the general ledger. In cases where the Controller makes journal entries, the Executive Director or designee should review and approve the adjustment.

Views of Responsible Officials and Planned Corrective Actions:

The Association has implemented a regular process whereby journal entries prepared by the Controller will be reviewed and approved by the Executive Officer.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reportable Conditions

Finding 2004-2: Segregation of Duties (See Finding 2004-1)

The American Sociological Association

**Summary Schedule Of Prior Audit Findings
Year Ended December 31, 2004**

There were no findings reported for the year ended December 31, 2003.