

**AMERICAN SOCIETY FOR ENGINEERING
EDUCATION AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
AND SINGLE AUDIT COMPLIANCE REPORTS**

YEARS ENDED SEPTEMBER 30, 2008 and 2007

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Society for Engineering Education
Washington, DC

We have audited the accompanying consolidated statements of financial position of the American Society for Engineering Education and Affiliates (the "Society") as of September 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2009 on our consideration of the American Society for Engineering Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LarsonAllen LLP

LarsonAllen LLP

Arlington, Virginia
April 27, 2009

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,214,498	\$ 1,164,176
Receivables:		
Federal Projects	1,919,970	6,476,178
Other	413,872	254,995
Total Receivables	2,333,842	6,731,173
Prepaid Expenses and Deposits	474,920	469,623
Total Current Assets	7,023,260	8,364,972
INVESTMENTS, AT MARKET	851,491	1,098,023
PROPERTY AND EQUIPMENT, NET	549,106	371,894
Total Assets	\$ 8,423,857	\$ 9,834,889
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 760,070	\$ 3,723,721
Deferred Revenue		
Projects, Including Federal Projects of \$3,392,406 and \$1,745,156 in 2008 and 2007, Respectively	3,480,291	1,794,422
Membership Dues	526,886	525,096
Other	123,107	110,167
Total Deferred Revenue	4,130,284	2,429,685
Total Current Liabilities	4,890,354	6,153,406
DEFERRED RENT	146,169	136,647
Total Liabilities	5,036,523	6,290,053
COMMITMENTS		
NET ASSETS		
Unrestricted - Board Designated:		
Investments	851,492	1,038,565
BASS Accounts	1,085,228	1,059,860
Property and Equipment	336,884	371,894
Other Working Capital	716,525	907,812
Total Unrestricted - Board Designated	2,990,129	3,378,131
Temporarily Restricted	397,205	166,705
Total Net Assets	3,387,334	3,544,836
Total Liabilities and Net Assets	\$ 8,423,857	\$ 9,834,889

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	2008	2007
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE:		
Government Funding	\$ 46,183,297	\$ 43,593,523
General Operations:		
Membership Services	1,249,355	1,215,983
Investment Gain (Loss)	(150,633)	159,191
Publication Services	1,461,810	1,601,009
Meetings and Conferences	2,328,891	2,127,162
Tau Alpha Pi	43,460	22,256
IACEE	20,971	10,275
Total General Operations	4,953,854	5,135,876
BASS Accounts Revenue	240,531	278,083
Fee for Service Income	391,280	247,022
Development	40,475	45,630
International	5,000	114,975
Award Income	32,445	2,834
	51,846,882	49,417,943
Net Assets Released from Restrictions		
Satisfaction of Program Activities	122,000	89,476
Total Revenue	51,968,882	49,507,419
EXPENSES:		
Government Programs	46,183,297	43,593,525
Publication Services	2,247,431	2,230,041
Membership Services and BASS	817,093	660,876
Awards	27,354	42,890
Convention Services	2,712,276	2,212,303
Tau Alpha Pi	27,469	15,133
IACEE	21,122	6,349
Other	320,842	452,696
Total Expenses	52,356,884	49,213,813
Change in Unrestricted Net Assets	(388,002)	293,606
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Meetings and Conferences	352,500	142,000
Net Assets Released from Restrictions	(122,000)	(89,476)
Change in Temporarily Restricted Net Assets	230,500	52,524
CHANGE IN NET ASSETS	(157,502)	346,130
NET ASSETS - BEGINNING OF YEAR	3,544,836	3,198,706
NET ASSETS - END OF YEAR	\$ 3,387,334	\$ 3,544,836

See accompanying Notes to the Consolidated Financial Statements.

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (157,502)	\$ 346,130
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	127,734	165,517
Unrealized (Gain) Loss on Investments	196,227	(64,883)
Realized Losses on Investments	9,912	-
Changes in Assets and Liabilities:		
Receivables	4,397,331	(4,581,076)
Prepaid Expenses and Deposits	(5,297)	(106,035)
Accounts Payable and Accrued Expenses	(2,963,651)	3,306,455
Deferred Revenue	1,700,599	(1,346,653)
Deferred Rent	9,522	21,303
Net Cash (Used in) Provided by Operating Activities	<u>3,314,875</u>	<u>(2,259,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(304,946)	(46,296)
Sales of Investments	79,342	-
Purchases of Investments	(38,949)	(112,483)
Net Cash Provided by (Used in) Investing Activities	<u>(264,553)</u>	<u>(158,779)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,050,322	(2,418,021)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,164,176</u>	<u>3,582,197</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,214,498</u>	<u>\$ 1,164,176</u>

See accompanying Notes to the Consolidated Financial Statements.

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Society for Engineering Education

The American Society for Engineering Education ("ASEE") was founded in 1893 for the purpose of expanding and improving engineering education. ASEE serves its members through publications, projects, and awards. ASEE was incorporated on January 29, 1943 pursuant to the laws of the Commonwealth of Pennsylvania.

ASEE Convention and Seminar Corporation

The ASEE Convention and Seminar Corporation ("ASEECS"), was incorporated on September 25, 1991, pursuant to the laws of the State of Delaware. ASEECS was established for the purpose of sponsoring the annual convention of the American Society for Engineering Education. ASEECS also sponsors various seminars, technical conferences and panels and otherwise provides for the instruction of members of ASEE and the public concerning engineering and allied branches of science and technology.

Tau Alpha Pi of ASEE, Inc.

Tau Alpha Pi of ASEE, Inc. ("ASEE TAP") was organized for charitable, scientific and educational purposes, more specifically, to operate as an honor society for the engineering technology profession and to inspire engineering technology students to achieve scholarly excellence. ASEE TAP was incorporated on August 13, 1998 pursuant to the laws of the State of Delaware.

International Association for Continuing Engineering Education (IACEE)

The International Association for Continuing Engineering Education (IACEE) is an international, non-profit and non-governmental organization. The aim of IACEE is to support and enhance lifelong technical education and training and advanced engineering education world-wide, including the special needs of the developing countries. The charter was signed during the opening session of the 4th World Conference on Continuing Engineering Education on May 17, 1989 in Beijing, China. IACEE was incorporated under the laws of the state of Wisconsin with a fiscal year following the calendar year. No intervening events affect the consolidated financial statements of ASEE as a result of the different fiscal years.

Income Taxes

ASEE and Affiliates are exempt from the payment of federal income taxes on their exempt activities pursuant to section 501(c) (3) of the Internal Revenue Code. Contributions made to ASEE or to its Affiliates are deductible by the donor for federal income tax purposes, subject to statutory limitations on charitable contributions.

Principles of Consolidation

These financial statements consolidate the accounts of ASEE and Affiliates, pursuant to the criteria established by Statement of Position 94-3, Reporting of Related Entities by Not-for-Profit Organizations, issued by the American Institute of Certified Public Accountants. Significant inter-company accounts and transactions have been eliminated in consolidation.

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For consolidated financial statement purposes, ASEE and Affiliates consider cash and cash equivalents to include certain certificates of deposit purchased with maturities ranging from twelve to forty-eight months or less. A large portion of the cash and cash equivalents is the result of cash received in excess of expenses incurred for various federal projects. Accordingly, these cash and cash equivalents must be used in compliance with the applicable federal project agreement.

Receivables

The receivables are stated at their net realizable value. The majority of the receivables are from federal projects. Receivables are considered past due after 30 days. Accounts past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against bad debt expense. Management estimates that all receivables are fully collectible.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Furniture and equipment and the computer system are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over a period of the lesser of the estimated useful lives of the improvements or the lease term. Acquisitions of property and equipment greater or equal to \$1,000 are capitalized.

Net Assets

ASEE and Affiliates classify net assets into two categories; unrestricted and temporarily restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unrestricted net assets have been designated by the Board of Directors for specific purposes. Temporarily restricted net assets represent contributions with donor-imposed time and/or program restrictions. Temporarily restricted net assets are reclassified to unrestricted when the time restrictions expire or the funds are used for their restricted purpose and are reported in the consolidated statements of activities as net assets released from restrictions. However, revenue is recognized as unrestricted if the restrictions are satisfied in the same period as the revenue is recognized.

Revenue Recognition

Revenue from membership dues, subscriptions, advertising, government funding, and conferences is recognized in the year in which it is earned. Amounts received from these sources but not yet earned are recorded as deferred revenue.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs of ASEE and Affiliates are summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs are allocated among the programs benefited. Salaries and benefits are allocated based upon the actual resources used. General administrative expenses for the years ended September 30, 2008 and 2007 amounted to \$2,762,151 and \$2,262,663, respectively, and are allocated among the programs benefited.

Risks and Uncertainties

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material.

Subsequent to September 30, 2008, there has been a substantial decline in the fair market value of investments due to changes in market conditions and other factors.

NOTE 2 CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Society to a concentration of credit risk consist of cash and money market funds placed with financial institutions. At certain times during fiscal year 2008, funds invested with financial institutions exceeded the Federal Deposit Insurance Corporation (FDIC) limits. Sweep accounts are in place to minimize risk from cash and money market funds in excess of federally insured limited. Management believes the risk of loss on uninsured funds to be minimal.

NOTE 3 INVESTMENTS

Investments at September 30, 2008 and 2007 consist of mutual funds (60% in equities and 40% in fixed income). Unrealized appreciation is included in investment income as a component of unrestricted net assets in the accompanying consolidated statements of activities. Investment income consists of the following for the years ended September 30:

	<u>2008</u>	<u>2007</u>
Interest and Dividends	\$ 55,506	\$ 94,308
Realized Losses on Sale of Investments	(9,912)	-
Unrealized Gains (Losses) on Investments	<u>(196,227)</u>	<u>64,883</u>
	<u>\$ (150,633)</u>	<u>\$ 159,191</u>

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	<u>2008</u>	<u>2007</u>
Furniture and Equipment	\$ 130,111	\$ 105,646
Computer System	1,564,444	1,556,443
Leasehold Improvements	160,724	155,824
Work in Progress	196,221	-
	<u>2,051,500</u>	<u>1,817,913</u>
Less Accumulated Depreciation and Amortization	<u>(1,502,394)</u>	<u>(1,446,019)</u>
	<u>\$ 549,106</u>	<u>\$ 371,894</u>

NOTE 5 BOARD DESIGNATED NET ASSETS

The Board designated unrestricted net assets as follows:

Investments: Represents the investments held by ASEE at year-end, excluding investments related to its operating field units (BASS).

BASS Accounts: Represents the accumulated excess revenue over expenses for the Operating field units (BASS).

Property and Equipment: Represents the net property and equipment held by ASEE at year-end.

Other Working Capital: Represents net assets available for general operations

NOTE 6 BASS ACCOUNTS

ASEE provides accounting services, referred to as the Banking and Accounting Services System (BASS), for the benefit of sixty-two participating operating field units. The operations associated with these field units are combined and presented in the accompanying consolidated statements of activities. There are no restrictions on any transactions authorized by the operating field units. Field units are financially responsible for all ASEE membership services they provide, including travel, newsletters, general administration, and meetings. BASS account funds are combined with the cash and cash equivalents of ASEE and Affiliates on the accompanying consolidated statements of financial position.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 7 RETIREMENT PLAN

ASEE sponsors a defined contribution plan. Under the terms of the plan, all employees who meet minimum service and age requirements are eligible to participate. Contributions are made by ASEE in an amount equal to 5% of salary expense for each participating employee under the age of 45 and 7.5% of each employee age 45 and over. Salary reductions for employee contributions are permitted. The retirement expense incurred for the years ended September 30, 2008 and 2007 was approximately \$154,000 and \$146,000, respectively.

ASEE has a tax deferred annuity plan whereas employees can enter into a salary reduction agreement with ASEE. Under the terms of the plan, a portion of the employee's compensation is applied on a before-tax basis to an annuity contract owned by the employee, rather than being paid directly to the employee. These amounts, together with any earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits.

NOTE 8 FUNCTIONAL ALLOCATION OF EXPENSES

ASEE and Affiliates present expenses within the accompanying consolidated statement of activities on a fully allocated basis with respect to general and administrative expenses. Functional expenses by program and supporting services as follows for the years ending September 30:

	2008	2007
Government Programs	\$ 44,949,129	\$ 42,634,335
Publication Services	1,468,931	1,525,196
Membership Services	619,425	519,743
Awards	27,354	42,890
Convention Services	2,283,869	1,903,423
IACEE	18,367	5,602
Tau Alpha Pi	17,954	10,350
Other	209,704	309,611
General and Administrative	2,762,151	2,262,663
	\$ 52,356,884	\$ 49,213,813

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

NOTE 9 COMMITMENTS

Operating Leases

ASEE has an operating lease commitment for office space expiring December 31, 2013. The Affiliates are charged for their proportionate share of office rent by ASEE. The lease contains an escalation clause. Accordingly, deferred rent totaling \$146,169 and \$136,647 as of September 30, 2008 and 2007, respectively, is reflected in the accompanying consolidated statement of financial position. Rent expense for the years ended September 30, 2008 and 2007 amounted to \$546,594 and \$504,835, respectively.

ASEE also leases office equipment under a noncancellable-operating lease agreement that expires in fiscal year 2012. Lease expense related to office equipment totaled \$6,024 and \$6,024 for the years ended September 30, 2008 and 2007, respectively.

Future minimum lease payments for all operating leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2009	\$ 439,151
2010	410,769
2011	421,073
2012	431,601
2013	442,389
Thereafter	<u>111,390</u>
Total	<u>\$ 2,256,373</u>

ASEE entered into an operating lease agreement for office equipment that expires in February 2012. Total operating lease expense was approximately \$6,000 for the year ended September 30, 2008.

Hotel Agreements

ASEECS has entered into several agreements with hotels providing for room accommodations for its meetings and conventions through the year 2012. Many of these agreements contain clauses whereby ASEECS is liable for liquidated damages in the event of cancellation. At September 30, 2008, the maximum potential amount of liquidated damages was approximately \$986,000.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

NOTE 9 COMMITMENTS (CONTINUED)

Self-Funded Health Insurance Plan

ASEE maintains a self-insured health plan. In an attempt to limit its potential exposure, the organization purchased insurance that covers each participant up to \$1 million dollars in lifetime claims (with a \$40k deductible) along with a supplemental umbrella plan that provides an additional \$1 million of aggregate coverage per plan year above the maximum claims liability. Although significant insurance coverage exists there is always the possibility that an extremely sick employee could incur medical bills in excess of total insurance coverage thereby forcing ASEE to absorb any claims above and beyond this amount. Since the chances of this happening are deemed remote, no liability accrual has been booked on the accompanying consolidated statement of financial position.

NOTE 10 LINE OF CREDIT

ASEE has a \$1,000,000 line of credit. The line of credit's interest rate is floating at Wall Street Journal plus prime. Interest is due monthly and the principal is due upon demand. There were no outstanding amounts at September 30, 2008 and 2007.

NOTE 11 CONTINGENCIES

The grantors providing federal awards to ASEE have the right to audit the use of such funds. Questioned costs that may arise from such audits would be expensed in the current period as disallowed.



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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors
American Society for Engineering Education
Washington, DC

Our report on our audits of the consolidated financial statements of the American Society for Engineering Education and Affiliates as of and for the years ended September 30, 2008 and 2007 appears on page 1. Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental information and Schedule of Expenditures of Federal Awards, on pages 13 through 17, are presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

LarsonAllen LLP

LarsonAllen LLP

Arlington, Virginia
April 27, 2009

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008**

	American Society for Engineering Education	ASEE Convention and Seminar Corporation	Tau Alpha Pi of ASEE, Inc.	IACEE	Elimin- ations	Consolidated
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 4,203,655	\$ 10,843				\$ 4,214,498
Receivables:						
Projects	1,919,970					1,919,970
Other	298,053	115,819				413,872
Due from Affiliate	161,948		\$ 61,173	\$ 12,770	\$ (235,891)	-
Total Receivables	<u>2,379,971</u>	<u>115,819</u>	<u>61,173</u>	<u>12,770</u>	<u>(235,891)</u>	<u>2,333,842</u>
Prepaid Expenses and Deposits	150,642	324,278				474,920
Total Current Assets	<u>6,734,268</u>	<u>450,940</u>	<u>61,173</u>	<u>12,770</u>	<u>(235,891)</u>	<u>7,023,260</u>
INVESTMENTS, AT MARKET	851,491					851,491
PROPERTY AND EQUIPMENT, NET	420,307	128,799				549,106
Total Assets	<u>\$ 8,006,066</u>	<u>\$ 579,739</u>	<u>\$ 61,173</u>	<u>\$ 12,770</u>	<u>\$ (235,891)</u>	<u>\$ 8,423,857</u>
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 740,434	\$ 19,636				\$ 760,070
Due to Affiliate		235,891			\$ (235,891)	-
Deferred Revenue:						
Projects	3,480,291					3,480,291
Membership Dues	526,886					526,886
Other	47,942	75,165				123,107
Total Deferred Revenue	<u>4,055,119</u>	<u>75,165</u>				<u>4,130,284</u>
Total Current Liabilities	<u>4,795,553</u>	<u>330,692</u>			<u>(235,891)</u>	<u>4,890,354</u>
DEFERRED RENT	146,169					146,169
Total Liabilities	<u>4,941,722</u>	<u>330,692</u>			<u>(235,891)</u>	<u>5,036,523</u>
COMMITMENTS						
NET ASSETS						
Unrestricted - Board Designated:						
Investments	\$ 851,492					851,492
BASS Accounts	1,085,228					1,085,228
Property and Equipment	321,056	\$ 15,828				336,884
Other Working Capital	711,863	(69,281)	\$ 61,173	\$ 12,770		716,525
Total Unrestricted - Board Designated	<u>2,969,639</u>	<u>(53,453)</u>	<u>61,173</u>	<u>12,770</u>		<u>2,990,129</u>
Temporarily Restricted	94,705	302,500				397,205
Total Net Assets	<u>3,064,344</u>	<u>249,047</u>	<u>61,173</u>	<u>12,770</u>		<u>3,387,334</u>
Total Liabilities and Net Assets	<u>\$ 8,006,066</u>	<u>\$ 579,739</u>	<u>\$ 61,173</u>	<u>\$ 12,770</u>	<u>\$ (235,891)</u>	<u>\$ 8,423,857</u>

AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2008

	American Society for Engineering Education	ASEE Convention and Seminar Corporation	Tau Alpha Pi of ASEE, Inc.	IACEE	Consolidated
CHANGE IN UNRESTRICTED NET ASSETS					
REVENUE:					
Government Funding	\$ 46,183,297				\$ 46,183,297
General Operations:					
Membership Services	1,249,355				1,249,355
Investment Loss	(150,633)				(150,633)
Publication Services	1,461,810				1,461,810
Meetings and Conferences		\$ 2,328,891			2,328,891
Tau Alpha Pi			\$ 43,460		43,460
IACEE				\$ 20,971	20,971
Total General Operations	2,560,532	2,328,891	43,460	20,971	4,953,854
BASS Accounts Revenue	240,531				240,531
Fee for Service Income	391,280				391,280
Development	40,475				40,475
International	5,000				5,000
Award Income	32,445				32,445
Total Unrestricted Revenue	49,453,560	2,328,891	43,460	20,971	51,846,882
Net Assets Released from Restrictions					
Satisfaction of Program Activities		122,000			122,000
Total Revenue	49,453,560	2,450,891	43,460	20,971	51,968,882
EXPENSES:					
Government Programs	46,183,297				46,183,297
Publication Services	2,247,431				2,247,431
Membership Services and BASS	817,093				817,093
Awards	27,354				27,354
Convention Services		2,712,276			2,712,276
Tau Alpha Pi			27,469		27,469
IACEE				21,122	21,122
Other	320,842				320,842
Total Expenses	49,596,017	2,712,276	27,469	21,122	52,356,884
CHANGE IN UNRESTRICTED NET ASSETS	(142,457)	(261,385)	15,991	(151)	(388,002)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS					
REVENUE:					
Meetings and Conferences	70,000	282,500			352,500
Net Assets Released from Restrictions		(122,000)			(122,000)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	70,000	160,500	-	-	230,500
NET ASSETS - BEGINNING OF YEAR	3,136,801	349,932	45,182	12,921	3,544,836
NET ASSETS - END OF YEAR	<u>\$ 3,064,344</u>	<u>\$ 249,047</u>	<u>\$ 61,173</u>	<u>\$ 12,770</u>	<u>\$ 3,387,334</u>

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Government Programs	Publication Services	Membership Services and BASS	Awards	Convention Services	Tau Alpha Pi	IACEE	Other	Total Program Services	General Administrative	Total
Projects Participant Support	\$ 42,620,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,620,391	\$ -	\$ 42,620,391
Salaries and Benefits, Net of Reimbursement	1,562,902	594,912	220,147	-	846,974	1,354	3,693	154,078	3,384,060	1,373,960	4,758,020
Printing and Graphic Design	10,645	380,342	24,398	-	108,382	-	-	302	524,069	12,382	536,451
Rent and Related, Net of Reimbursements	-	-	-	-	-	-	-	-	-	644,108	644,108
BASS Accounts Expense	-	-	246,446	-	-	-	-	-	246,446	-	246,446
Travel and Related	237,652	9,890	8,714	-	170,941	2,158	7,231	24,158	460,744	89,476	550,220
Depreciation and Amortization	-	-	-	-	4,524	-	-	-	4,524	123,210	127,734
Postage and Freight, Net of Reimbursements	15,064	109,090	30,104	529	20,645	873	73	555	176,933	6,119	183,052
Computer/Professional Services	221,193	311,611	75	-	158,860	78	5,710	3,477	701,004	247,292	948,296
Miscellaneous	102,747	40,338	29,551	-	91,549	-	-	5,223	269,408	17,445	286,853
Consulting	39,874	-	-	-	-	-	-	-	39,874	-	39,874
Mail Charges	3,379	589	41,077	-	-	-	-	-	45,045	-	45,045
Dues and Registration	-	-	-	-	440	290	-	-	730	53,059	53,789
AV, Bus Services and Facilities Rental	11,225	-	-	-	214,602	92	90	-	226,009	1,117	227,126
Telephone, Net of Reimbursement	2,280	2,538	197	9	13,138	79	143	6,301	24,685	14,074	38,759
Supplies, Net of Reimbursement	96,299	6,089	13,630	-	67,650	3,413	-	584	187,665	51,612	239,277
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	62,322	62,322
Legal and Accounting	-	-	-	-	6,859	399	18	-	7,276	14,169	21,445
Catering	9,684	-	2,249	-	564,416	5,197	1,409	10,114	593,069	14,709	607,778
Photocopying	4,120	2,100	1,219	-	5,366	21	-	481	13,307	8,676	21,983
Recruitment and Staff Training	74	744	-	-	130	-	-	50	998	18,559	19,557
Honoraria	11,600	1,961	1,618	26,816	7,667	4,000	-	-	53,662	934	54,596
Subscriptions	-	8,727	-	-	-	-	-	-	8,727	8,928	17,655
Bad Debt Expense	-	-	-	-	1,726	-	-	4,381	6,107	-	6,107
	<u>44,949,129</u>	<u>1,468,931</u>	<u>619,425</u>	<u>27,354</u>	<u>2,283,869</u>	<u>17,954</u>	<u>18,367</u>	<u>209,704</u>	<u>49,594,733</u>	<u>2,762,151</u>	<u>52,356,884</u>
Indirect Costs	<u>1,234,168</u>	<u>778,500</u>	<u>197,668</u>	<u>-</u>	<u>428,407</u>	<u>9,515</u>	<u>2,755</u>	<u>111,138</u>	<u>2,762,151</u>	<u>(2,762,151)</u>	<u>-</u>
	<u>\$ 46,183,297</u>	<u>\$ 2,247,431</u>	<u>\$ 817,093</u>	<u>\$ 27,354</u>	<u>\$ 2,712,276</u>	<u>\$ 27,469</u>	<u>\$ 21,122</u>	<u>\$ 320,842</u>	<u>\$ 52,356,884</u>	<u>\$ -</u>	<u>\$ 52,356,884</u>

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Government Programs	Publication Services	Membership Services and BASS	Awards	Convention Services	Tau Alpha Pi	IACEE	Other	Total Program Services	General Administrative	Total
Projects Participant Support	\$ 40,558,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,558,767	\$ -	\$ 40,558,767
Salaries and Benefits, Net of Reimbursement	1,410,693	618,144	168,402	-	712,495	4,441	1,198	227,261	3,142,634	1,143,896	4,286,530
Printing and Graphic Design	21,271	470,225	30,244	-	123,758	-	-	1,959	647,457	8,990	656,447
Rent and Related, Net of Reimbursements	-	-	-	-	-	-	-	-	-	586,163	586,163
BASS Accounts Expense	-	-	214,348	-	-	-	-	-	214,348	-	214,348
Travel and Related	271,637	17,185	9,803	-	157,121	1,338	1,692	46,618	505,394	73,233	578,627
Depreciation and Amortization	-	-	-	-	10,228	-	-	-	10,228	155,289	165,517
Postage and Freight, Net of Reimbursements	23,108	107,210	32,236	662	41,149	955	3	479	205,802	4,128	209,930
Computer/Professional Services	92,099	262,457	131	-	185,221	276	2,000	2,456	544,640	63,321	607,961
Miscellaneous	99,828	20,848	22,586	-	95,109	-	-	4,609	242,980	9,201	252,181
Consulting	26,000	3,159	-	-	-	-	-	-	29,159	-	29,159
Mail Charges	6,290	1,526	25,285	-	-	-	-	-	33,101	-	33,101
Dues and Registration	-	-	-	-	780	-	-	399	1,179	57,955	59,134
AV, Bus Services and Facilities Rental	420	-	-	-	146,401	-	78	-	146,899	1,552	148,451
Telephone, Net of Reimbursement	3,357	2,639	269	57	9,720	61	12	4,984	21,099	12,638	33,737
Supplies, Net of Reimbursement	90,975	11,498	13,646	473	53,691	3,203	-	1,902	175,388	55,495	230,883
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	42,185	42,185
Legal and Accounting	-	-	-	-	5,230	64	-	-	5,294	10,218	15,512
Catering	394	-	-	-	347,220	-	619	17,825	366,058	7,911	373,969
Photocopying	6,694	1,679	1,415	-	1,833	12	-	290	11,923	9,420	21,343
Recruitment and Staff Training	3,602	2,898	-	-	4,592	-	-	499	11,591	13,464	25,055
Honoraria	19,200	-	1,378	41,698	8,875	-	-	-	71,151	-	71,151
Subscriptions	-	5,728	-	-	-	-	-	330	6,058	7,604	13,662
	<u>42,634,335</u>	<u>1,525,196</u>	<u>519,743</u>	<u>42,890</u>	<u>1,903,423</u>	<u>10,350</u>	<u>5,602</u>	<u>309,611</u>	<u>46,951,150</u>	<u>2,262,663</u>	<u>49,213,813</u>
Indirect Costs	959,190	704,845	141,133	-	308,880	4,783	747	143,085	2,262,663	(2,262,663)	-
	<u>\$ 43,593,525</u>	<u>\$ 2,230,041</u>	<u>\$ 660,876</u>	<u>\$ 42,890</u>	<u>\$ 2,212,303</u>	<u>\$ 15,133</u>	<u>\$ 6,349</u>	<u>\$ 452,696</u>	<u>\$ 49,213,813</u>	<u>\$ -</u>	<u>\$ 49,213,813</u>

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2008**

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant / Agreement Number</u>	<u>Pass Through Grantor</u>	<u>Federal Expenditures</u>
DEPARTMENT OF DEFENSE				
SMART Scholarship Program	12.300	Various		3,964,828
Navy Research Laboratory and Other Postdoc Fellowship Program	12.300	Various		3,298,138
ONR Summer Faculty Research Program	12.300	N00014004D501/0002		1,737,259
Naval Research Enterprise Intern Program/Science and Engineering Apprentice Program	12.300	N00014004D501/0001		1,592,173
Air Force National Defense Science and Engineering Graduate (NDSEG) Fellowship Program	N/A	Various		31,670,498
Air Force Summer Faculty Fellowship Program	N/A	FA955004C0052		1,571,162
Subtotal				<u>43,834,058</u>
NATIONAL SCIENCE FOUNDATION (NSF)				
NSF Graduate Research Fellowship Program	N/A	DGE-046243		1,664,577
NSF Teach Engineering	N/A	420-20-43	University of Colorado	9,128
NSF Rigorous Research in Engineering Education	N/A	DUE-0341127		194,717
NSF Engineering in a Global Economy	N/A	Various		10,877
NSF EAPSI	N/A	Various		191,332
NSF Family Engineering	N/A	Various		545
NSF CCLI	N/A	Various		121
Subtotal				<u>2,071,297</u>
NATIONAL AERONAUTICS & SPACE ADMINISTRATION				
NASA Aeronautic Space Program	N/A			276,911
NASA Summer Faculty Fellowship Program	N/A			1,031
Subtotal				<u>277,942</u>
Total				<u>\$ 46,183,297</u>

N/A Not Available

NOTES TO THE SCHEDULE

The Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting.

**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**

Board of Directors
American Society for Engineering Education
Washington, DC

We have audited the consolidated financial statements of the American Society for Engineering Education (the "Society") and Affiliates as of and for the year ended September 30, 2008, and have issued our report thereon dated April 27, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's consolidated financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. (See findings 08-01 and 08-03)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-01 to be a material weakness.

Board of Directors
American Society for Engineering Education

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Society's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

LarsonAllen LLP

LarsonAllen LLP

Arlington, Virginia
April 27, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
American Society for Engineering Education
Washington, DC

Compliance

We have audited the compliance of the American Society for Engineering Education (the "Society") 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 September 30, 2008. The Society's major federal programs are 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 Society's management. Our responsibility is to express an opinion on the Society's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 noncompliance 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 Society'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 of the Society's compliance with those requirements.

In our opinion, the Society complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-02 and 08-03.

Internal Control Over Compliance

The management of the Society 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 Society'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal

Board of Directors
American Society for Engineering Education

program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a major program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal over compliance described in the accompanying schedule of findings and questioned costs as items 08-02 and 08-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a major program will not be prevented or detected by the entity's control. We do not consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. However, as discussed above, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

This report is intended solely for the information and use of the Board of Directors, Finance Committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Arlington, Virginia
April 27, 2009

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2008**

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

We have audited the consolidated financial statements of the American Society for Engineering Education and Affiliate (the "Society"), as of and for the year ended September 30, 2008, and have issued an unqualified opinion thereon dated April 27, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards 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:

- | | |
|--|-----|
| ▪ Material weakness identified | Yes |
| ▪ Significant deficiency identified that is not considered to be a material weakness | Yes |
| ▪ Noncompliance material to consolidated financial statements noted | No |

Federal Awards

We have also issued an unqualified opinion dated April 27, 2009, based on our consideration of the Society's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2008.

Internal control over major programs:

- | | |
|--|-----|
| ▪ Material weakness identified | No |
| ▪ Significant deficiency identified that is not considered to be a material weakness | Yes |

The major programs identified and tested are as follows:

Federal Grantor/ Program Title	Federal CFDA Number
Department of Defense:	
National Defense Science and Engineering Graduate Fellowship Program	12.300
Air Force Summer Faculty Fellowship Program	N/A

For the September 30, 2008 audit, the threshold used to distinguish between Type A and Type B programs was \$1,385,499.

PART I: SUMMARY OF AUDITORS' RESULTS (CONTINUED)

The Society did not qualify as a low-risk auditee as defined in the *Compliance Supplement*.

PART II: CONSOLIDATED FINANCIAL STATEMENT FINDINGS

Finding 08-01- Cash Segregation of Duties

Statement of Condition: Currently, the Controller has access to all aspects of the cash transfer cycle, except final review.

Criteria: Management is responsible for establishing and maintaining internal controls for the safeguarding of assets of the Organization. An essential part of internal control is that procedures are properly segregated and the results of their performance be adequately reviewed. This is normally accomplished by assigning duties so that 1) no one person handles a transaction from beginning to end, and 2) incompatible duties between functions are not handled by the same person. In addition, a review of these completed duties should be performed by an individual independent of those functions.

Cause of Condition: Due to the limited number of staff in the Organization, the Controller has access to all aspects of the cash transfer cycle.

Recommendation: We recommend that the Organization review these duties and implement procedures to segregate duties and implement a review of the Controller's work.

Response: ASEE is, in number of staff members, a small organization with a very trustworthy Controller. But as an internal control measure the organization should be looking at the position and not only the perceived integrity of the staff.

Finding 08-03 – Invoice Authorization

Statement of Condition: The Society has controls in place that require all invoices to be properly authorized and documented on the document for verification.

Criteria: Management is responsible for establishing and maintaining internal controls for the proper authorization and documentation of invoice approval and subsequent processing (i.e., cash disbursement).

Cause of Condition: Due to the limited number of staff in the Organization, and high volume of transactions.

Recommendation: We recommend that the Organization review these duties and implement procedures to ensure all invoices are properly authorized and documented.

Response: ASEE is, in number of staff members, a small organization with a very trustworthy Controller. But as an internal control measure the organization should be looking at the process of authorizing invoices and documenting such authorizations.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTION ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2008**

PART III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 08-02- Eligibility Requirement Documentation

Statement of Condition: During the performance of our eligibility testing on major programs, we noted two exceptions where files did not initially contain required documentation however supplemental evidence was provided by the Organization that demonstrated eligibility for those participants.

Criteria: Management is responsible for establishing and maintaining procedures to ensure that all federal program requirements are adhered to.

Cause of Condition: Some of the files were older files and had not gone through a recent internal inspection, therefore, Society was unaware of missing information.

Recommendation: We recommend that the Organization review these duties and implement procedures to ensure all applicant files are complete and in compliance with program requirements.

Response: Society has created a checklist to ensure all program requirements are met.

Finding 08-03 – Invoice Authorization

Statement of Condition: The Society has controls in place that require all invoices to be properly authorized and documented on the document for verification.

Criteria: Management is responsible for establishing and maintaining internal controls for the proper authorization and documentation of invoice approval and subsequent processing (i.e., cash disbursement).

Cause of Condition: Due to the limited number of staff in the Organization, and high volume of transactions.

Recommendation: We recommend that the Organization review these duties and implement procedures to ensure all invoices are properly authorized and documented.

Response: ASEE is, in number of staff members, a small organization with a very trustworthy Controller. But as an internal control measure the organization should be looking at the process of authorizing invoices and documenting such authorizations.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTION ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2008**

PART I: AUDIT FINDINGS

Major Program - OMB Circular A-133, Section 501(A)

Finding 07-03 – Passed Adjustments

Statement of Condition: Proposed and management passed adjustments to properly reflect stipend payments and hotel expenses to correct fiscal year in accordance with U.S. generally accepted accounting.

Status:

No findings in the current year audit related to improper stipend payments and hotel expenses; per discussion with Chief Financial Officer, prior year corrective plan including thorough review of reports was implemented.

Consolidated Financial Statements

Finding 07-01 – Passed Adjustments

Statement of Condition: Proposed and management passed adjustments to properly reflect stipend payments and hotel expenses to correct fiscal year in accordance with U.S. generally accepted accounting.

Status:

No findings in the current year audit related to improper stipend payments and hotel expenses; per discussion with Chief Financial Officer, prior year corrective plan including thorough review of reports was implemented.

Finding 07-02 – Payroll Segregation of Duties

Condition: Due to the limited number of staff in the Organization, the Controller has access to all aspects of the payroll cycle.

Status:

ASEE assigned the CFO some of the responsibilities; looked into outsourcing payroll, however, do not feel that the additional expense is justified.

**AMERICAN SOCIETY FOR ENGINEERING EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTION ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2008**

PART II: CORRECTIVE ACTION PLAN

Current Year

Finding 08-01 – Cash Segregation of Duties

Contact Person: Charlotte Watson

Corrective Action Plan: For the issue of the cash segregation of duties, ASEE will assign the CFO the responsibilities; to review the initiation and authorization of cash transfers, and sign and date the review.

Anticipated Completion Date: Calendar year 2009.

Finding 08-02 – Eligibility Requirement Documentation

Contact Person: Charlotte Watson

Corrective Action Plan: For the issue of the eligibility requirements documentation, ASEE has created an updated checklist to ensure all program requirements have been met.

Anticipated Completion Date: Calendar year 2009.

Finding 08-03 – Invoice Authorization

Contact Person: Charlotte Watson

Corrective Action Plan: For the issue of the invoice authorization documentation, ASEE has implemented procedures to ensure all invoices are approved and documented as such.

Anticipated Completion Date: Calendar year 2009.