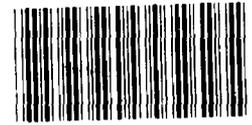


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BY THE COMPTROLLER GENERAL
Report To The Chairman,
Committee On House Administration
House Of Representatives
OF THE UNITED STATES

Audit Of The House Of Representatives
Beauty Shop For The Calendar Year 1980



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-202896

The Honorable Augustus F. Hawkins, Chairman
Committee on House Administration
House of Representatives

Dear Mr. Chairman:

As required by the Legislative Branch Appropriation Act, 1970 (83 Stat. 347), and in accordance with the November 21, 1980, request from the Honorable Ed Jones, Chairman, Subcommittee on Services, we audited the financial transactions of the House Beauty Shop for the calendar year 1980. Comparative House Beauty Shop financial statements for calendar 1980 and 1979 are presented as schedules 1 through 3. Our opinion on these statements appears on page 2.

The House Beauty Shop provides a convenient beauty facility for congresswomen, wives of congressmen, congressional employees, and the general public. During calendar 1980, approximately 25,420 customers had hairdressing, manicuring, or other beauty services performed at the shop.

Since January 3, 1978, employees of the House Beauty Shop have been on the House payroll and the shop has been under the jurisdiction of the Committee on House Administration, with direct oversight by the Subcommittee on Services (H. Res. 315, 95th Cong.). During calendar 1980, 22 employees were on the House payroll. At December 31, 1980, five beauticians, two manicurists, one receptionist, one supervisor, and the manager were employed full time; eight beauticians, one manicurist, and two maids were employed part time. One electrolysist, one cosmetologist aide, and one maid were employed intermittently on a contract basis.

The House Beauty Shop realized net income of \$8,345 for 1980 compared with net income of \$9,204 for 1979. The Legislative Branch Appropriation Act, 1970, requires that income, as established by our annual audit, after restoring any impairment of capital and providing for replacement of equipment, be transferred to the general fund of the U.S. Treasury. The amount to be transferred for calendar 1980 is \$14,609.97. See note 2 to the financial statements for additional explanations.

The financial statements do not include the costs of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--which are paid from appropriated funds and not charged to the revolving fund.

AUDITOR'S OPINION

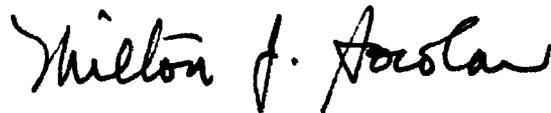
We have examined the balance sheet of the House Beauty Shop as of December 31, 1980 and 1979, and the related statements of operations and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted government auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the House Beauty Shop as of December 31, 1980 and 1979, and the results of its operations and changes in financial position for the years then ended, in conformity with the financial accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.)

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As required by the Legislative Branch Appropriation Act, 1970, we are sending copies of this report to the Speaker of the House of Representatives and to the Clerk of the House of Representatives.

Sincerely yours,



Acting Comptroller General
of the United States

HOUSE BEAUTY SHOPCOMPARATIVE BALANCE SHEETDECEMBER 31, 1980 AND 1979

ASSETS	<u>1980</u>	<u>1979</u>
CURRENT ASSETS:		
Cash in U.S. Treasury	\$47,712	\$44,936
Deposits in transit	-	1,581
Petty cash and change funds	700	700
Accounts receivable	1,376	411
Inventory of merchandise and supplies (note 1)	<u>18,311</u>	<u>18,821</u>
Total current assets	<u>68,099</u>	<u>66,449</u>
FIXED ASSETS:		
Equipment (note 1)	17,931	18,480
Less: Accumulated depreciation	<u>10,976</u>	<u>17,241</u>
Total fixed assets	<u>6,955</u>	<u>1,239</u>
TOTAL ASSETS	<u>\$75,054</u>	<u>\$67,688</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,217	\$ 2,786
Salaries, commissions, and benefits payable	12,375	10,892
Employees' accrued leave	<u>8,876</u>	<u>5,562</u>
Total current liabilities	<u>22,468</u>	<u>19,240</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Balance at beginning of year	48,448	39,244
Less: Amount transferred to U.S. Treasury	<u>4,207</u>	<u>-</u>
Balance	44,241	39,244
Add: Net income for the year	<u>8,345</u>	<u>9,204</u>
Balance at end of year (note 2)	<u>52,586</u>	<u>48,448</u>
TOTAL LIABILITIES AND EQUITY	<u>\$75,054</u>	<u>\$67,688</u>

The accompanying notes are an integral part of this statement.

HOUSE BEAUTY SHOPCOMPARATIVE STATEMENT OF OPERATIONSFOR CALENDAR YEARS 1980 AND 1979

	<u>1980</u>	<u>1979</u>
INCOME:		
Beauty services	\$291,518	\$296,977
Retail sales	\$47,078	\$47,011
Less: Cost of retail sales	<u>31,627</u>	<u>28,409</u>
Miscellaneous income	<u>612</u>	<u>299</u>
Total operating income	<u>307,581</u>	<u>315,878</u>
OPERATING EXPENSES: (note 1)		
Salaries:		
Manager	22,017	25,568
Asst. Manager	-	4,706
Beauticians	116,330	118,159
Manicurists	21,940	22,030
Supervisor/receptionist	12,271	10,796
Maids	13,974	13,484
Electrolysis	786	1,627
Cosmetologist	629	-
Receptionist	<u>4,585</u>	<u>-</u>
Total salaries	192,532	196,370
Commissions (beauticians and retail sales)	56,895	59,811
Employees' benefits--Government contributions	26,124	24,281
Supplies	22,449	21,380
Office	1,152	2,252
Laundry	366	777
Depreciation	696	579
Bad debts	-	284
Repairs	149	119
Telephone	136	190
Training	55	608
Miscellaneous	<u>17</u>	<u>23</u>
Total operating expenses	<u>300,571</u>	<u>306,674</u>
NET OPERATING INCOME	7,010	9,204
GAIN ON DISPOSAL OF EQUIPMENT (note 3)	<u>1,335</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>\$ 8,345</u>	<u>\$ 9,204</u>

The accompanying notes are an integral part of this statement.

HOUSE BEAUTY SHOP
COMPARATIVE STATEMENT OF CHANGES
IN FINANCIAL POSITION
CALENDAR YEARS 1980 AND 1979

	<u>1980</u>	<u>1979</u>
FUNDS PROVIDED:		
Sales	\$338,596	\$343,988
Miscellaneous income	612	299
Decrease in working capital	<u>1,578</u>	<u>-</u>
Total funds provided	<u>\$340,786</u>	<u>\$344,287</u>
FUNDS APPLIED:		
Operating expenses (excluding depreciation and other items not requiring an outlay of funds)	300,542	306,095
Cost of retail sales	30,960	28,409
Amount transferred to U.S. Treasury	4,207	-
Increase in working capital	-	9,783
Purchase of equipment	<u>5,077</u>	<u>-</u>
Total funds applied	<u>\$340,786</u>	<u>\$344,287</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or (decrease)</u>	
	<u>1980</u>	<u>1979</u>
WORKING CAPITAL CHANGES:		
Cash and deposits in transit	\$ 1,195	\$ 2,095
Accounts receivable	965	(1,280)
Inventories	(510)	7,525
Salaries, commissions, and benefits payable	(1,483)	1,920
Accounts payable	1,569	1,946
Employees' accrued leave	<u>(3,314)</u>	<u>(2,423)</u>
NET CHANGE IN WORKING CAPITAL	<u>\$(1,578)</u>	<u>\$ 9,783</u>

The accompanying notes are an integral part of this statement.

HOUSE BEAUTY SHOP

NOTES TO FINANCIAL STATEMENTS

CALENDAR YEAR 1980

1. Significant Accounting Policies

Inventories are stated at cost, using the first-in, first-out method of valuation.

Equipment is depreciated over a 10-year life using the straight-line method.

Operating expenses do not include the costs of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--that are furnished to the House Beauty Shop without charge.

2. As explained on page 1 of the letter, \$14,609.97 is to be transferred to the U.S. Treasury as shown below:

Equity of the House of Representatives as of December 31, 1980		\$52,585.83
Capital authorized pursuant to H. Res. 1000, 90th Congress	\$15,000.00	
Provision for replacement of equipment:		
Accumulated depreciation	10,975.86	
Restricted equity	<u>12,000.00</u>	<u>37,975.86</u>
Net income to be transferred		<u>\$14,609.97</u>

The amount transferred for 1979 was \$2,624.64. Prior years' net income transferred to the U.S. Treasury from the House Beauty Shop Revolving Fund has totaled \$50,716.

3. During 1980 the Beauty Shop purchased \$6,559.90 of new equipment consisting of 18 standard hair dryers, 4 hydraulic chairs, 2 hot stoves, and 1 clothes dryer. At the same time, the shop disposed of used equipment which had a net book value of \$148 (cost \$7,109 less accumulated depreciation of \$6,961). The shop received a trade-in allowance of \$1,483 on this equipment, resulting in a net gain of \$1,335.

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