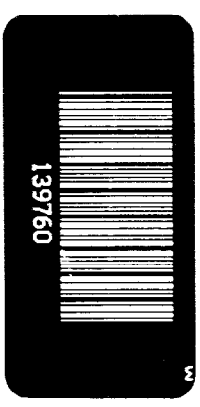
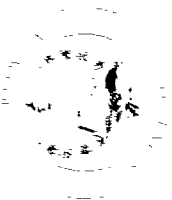


GAO

United States General Accounting Office
Report to the Co-Chairman,
Environmental and Energy Study
Conference, U.S. Congress

October 1989

FINANCIAL AUDIT
Environmental and
Energy Study
Conference Financial
Statements for 1988
and 1987



**Accounting and Financial
Management Division**

B-216351

October 13, 1989

**The Honorable Bill Green
Co-Chairman, Environmental and Energy
Study Conference
United States Congress**

Dear Mr. Chairman:

As requested in your April 6, 1989, letter, we have audited the balance sheets of the Environmental and Energy Study Conference as of December 31, 1988 and 1987, and the related statements of operations and fund balance and of cash flows for the years then ended. We completed our audit work on July 14, 1989. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Conference as of December 31, 1988 and 1987, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1988, together with the

Conference's financial statements and accompanying notes for the years ended December 31, 1988 and 1987, is included in this report.

Sincerely yours,



Brian P. Crowley
Director of Planning
and Reporting

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Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have audited the financial statements of the Environmental and Energy Study Conference for the years ended December 31, 1988 and 1987. Our audits were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended December 31, 1988. Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1987, is presented in GAO/AFMD-89-2, dated February 3, 1989.

We did not complete a study and evaluation of the Conference's internal accounting control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Conference's financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in auditing the financial statements for the year ended December 31, 1988.

While we did not perform a complete study and evaluation of the Conference's internal accounting control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness.

As part of our audit work, we also tested the Conference's compliance with terms and provisions of the regulations established by the Committee on House Administration and the Internal Revenue Service regulations on income tax withholdings. In our opinion, the Environmental and Energy Study Conference complied with the terms and provisions of the regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention in connection with our audit that caused us to believe that the Conference was not in compliance with the terms and provisions of the regulations for those transactions not tested.

Balance Sheets

	December 31,	
	1988	1987
Assets		
Cash in bank	\$190,011	\$108,482
Total Assets	\$190,011	\$108,482
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$15,261	\$38,375
Accrued liabilities	12,984	24,169
Prepaid Members' dues	32,900	0
Total liabilities	61,145	62,544
Fund balance	128,866	45,938
Total Liabilities and Fund Balance	\$190,011	\$108,482

The accompanying notes are an integral part of these statements.

Statements of Operations and Fund Balance

	Years ended December 31,	
	1988	1987
Revenues (note 2)		
Members' contributions	\$369,399	\$322,977
Total revenues	369,399	322,977
Expenses (notes 2 and 3)		
Salaries and benefits	246,291	261,691
Printing and supplies	2,501	8,871
Equipment rental	11,550	30,053
Postage	426	404
Office supplies	2,428	4,494
Insurance	566	1,741
Payroll taxes	15,301	16,643
Dues and subscriptions	864	591
Telephones	6,196	7,635
Professional fees	320	142
Miscellaneous	28	0
Total expenses	286,471	332,265
Net income (loss)	82,928	(9,288)
Fund balance, beginning of year	45,938	55,226
Fund Balance, End of Year	\$128,866	\$45,938

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	Years ended December 31,	
	1988	1987
Cash Flows From Operating Activities		
Net income (loss)	\$82,928	\$(9,288)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Increase (decrease) in accounts payable	(23,114)	5,347
Increase (decrease) in accrued liabilities	(11,185)	11,662
Increase in prepaid Members' dues	32,900	0
Net cash provided by operating activities	81,529	7,721
Cash at beginning of year	108,482	100,761
Cash Balance at End of Year	\$190,011	\$108,482

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1. Organization

The Environmental and Energy Study Conference is a legislative service organization sponsored by a group of congressional Members who pool their resources to pursue a common legislative goal. It operates as an extension of the participating Members' individual offices and coordinates their efforts for reasons of efficiency and effectiveness. Its purpose is to provide its congressional sponsors with information concerning environmental and energy issues affecting federal legislation.

On October 21, 1981, the Committee on House Administration adopted regulations and rules pertaining to legislative service organizations. These regulations provide the following.

- Effective January 1, 1983, a legislative service organization may not use dues or assessments to generate additional income, including income from interest-bearing accounts or time deposits.
- Effective January 1, 1983, a legislative service organization may not receive income or contributions from any source other than the Congress or its Members.

Note 2. Accounting Policies

Revenues are received when Members pay their dues in cash or when Members pay for salaries of certain Conference staff or for expenses incurred by the Conference. Expenses are recognized when incurred.

Note 3. Appropriated Funds Support

Costs for office space and utilities are paid from legislative branch appropriations. Since it is difficult to determine the Conference's share of expenses for office space and utilities, these amounts are not shown in the Conference's financial statements.

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