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RELEASED

REPORT TO THE CONGRESS

Audit Of The Minority Printing Clerk, Fiscal Year Ended September 30, 1972 B-164163

House of Representatives

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

089994
913356

APRIL 19, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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To the President of the Senate and the
Speaker of the House of Representatives

The General Accounting Office has audited the accounts of the Minority Printing Clerk, House of Representatives, for the fiscal year ended September 30, 1972, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1). The act requires that the results of our audit be reported to the Congress.

GENERAL COMMENTS

The Minority Printing Clerk operates as Thomas J. Lankford, Incorporated, which was organized and incorporated on December 16, 1963, primarily to provide printing and related services for Members of the House of Representatives.

The position of Minority Printing Clerk was established pursuant to House Resolution 295 (July 7, 1943, 78th Cong.) and was made permanent by the Legislative Branch Appropriation Act, 1945 (58 Stat. 343). The Minority Printing Clerk, appointed by the Minority Leader, receives an annual salary from appropriated funds.

The Minority Printing Clerk's offices and plant are in the west underground garage of the House of Representatives. He supplies official printing to the minority leadership at no charge and offers, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. It included an examination of the financial statements for the fiscal year ended September 30, 1972, and such other auditing procedures as we considered necessary.

CWO 00001

GHS 00018

CNG 01214

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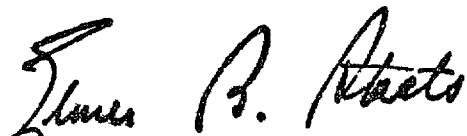
OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements on the basis of statements furnished by the firm of certified public accountants employed by Thomas J Lankford, Incorporated. The income and expense statement does not include the costs of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--which are furnished to the corporation without charge or the annual salary (\$12,227.50) of the Minority Printing Clerk which is paid from appropriated funds.

Because official printing is supplied to the minority leadership at no charge the income and expense statement includes the costs of, but does not include any revenue for, the printing services.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Minority Printing Clerk, operating as Thomas J Lankford, Incorporated, at September 30, 1972, and the results of its operations and the changes in its financial position for the year then ended.

A copy of this report is being sent today to the Minority Leader of the House of Representatives.



Comptroller General
of the United States

SCHEDULE

THOMAS J. LANKFORD, INCORPORATED

BALANCE SHEET

SEPTEMBER 30, 1972

ASSETS

CURRENT ASSETS

Cash		\$ 1,926.55
Accounts receivable		223,126.16
Inventory (cost)		16,996.07
Prepaid expenses:		
Employee pension plan	\$ 18,996.28	
Insurance	3,582.37	
Preventative maintenance contract	140.00	<u>22,718.65</u>
Total current assets		<u>264,767.43</u>

INVESTMENT

Cash surrender value of officer's life insurance policy		<u>5,227.46</u>
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FIXED ASSETS.

Printing equipment	206,225.00	
Less accumulated depreciation	<u>139,345.39</u>	66,879.61
Station wagon		<u>6,120.74</u>
Total fixed assets		<u>73,000.35</u>

TOTAL ASSETS

\$342,995.24

^aOn December 22, 1971, the Board of Directors declared a 50-percent stock dividend, resulting in the issuance of 125 additional shares of common stock to the stockholder of record as of the close of business on December 31, 1971. The additional shares were issued on January 15, 1972. The Directors resolved that the stated capital of the corporation was to be increased by \$50,000, resulting in the direct capitalization of retained earnings as authorized by the District of Columbia Business Act.

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Accounts payable		\$114,548.54
Note payable		10,000.00
Accruals		
Interest	\$ 85.42	
Salaries	7,281.93	
Taxes	<u>14,867.27</u>	<u>22,234.62</u>
Total current liabilities		<u>146,783.16</u>
STOCKHOLDER'S EQUITY (note a)		
Capital stock--common		
\$100 par value, 500 shares		
authorized, 375 shares issued		
and outstanding		37,500.00
Capital in excess of par value		51,464.36
Retained earnings		
Balance at September 30, 1971	128,900.74	
Capitalization of retained		
earnings	-50,000.00	
Stock dividend (125 shares)	-12,500.00	
Net income for fiscal year ended		
September 30, 1972	<u>40,846.98</u>	
Balance at September 30, 1972		<u>107,247.72</u>
Total stockholder's equity		<u>196,212.08</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		<u>\$342,995.24</u>

SCHEDULE 2

THOMAS J LANKFORD, INCORPORATED
 INCOME AND EXPENSE STATEMENT FOR THE
 FISCAL YEAR ENDED SEPTEMBER 30, 1972 (note a)

NET SALES		\$795,314 55
DIRECT PRINTING EXPENSES		
Depreciation (straight-line method)	\$ 25,932 25	
Envelope addressing	2,932 83	
Express and postage	4,750 81	
Leased equipment	7,610 31	
Material and paper	261,714 49	
Negative and camera supplies	10,946 03	
Plate cutting	1,044 90	
Repairs	6,833 85	
Salaries	185,588 60	
Subcontracts	28,950 67	
Payroll taxes	7,445 88	
Type, composition, ink, and ribbon	45,030 21	
Union pension fund	2,469 00	
Union welfare fund	7,229 69	
Uniforms	396 40	
		<u>598,875 92</u>
Gross profit from sales		196,438 63
ADMINISTRATIVE EXPENSES		
Accounting fees	10,144 49	
Advertising and promotion	7,190 14	
Station wagon expenses	1,965 67	
Contribution	27 50	
Depreciation (straight-line method)	1,948 50	
Employee pension plan (note b)	20,404 50	
General expenses	583 67	
Insurance	3,020 64	
Legal fees	1,078 74	
Officers' salaries		
President-Treasurer	\$65 033 29	
Secretary	<u>16,542 98</u>	
Taxes	6,348 26	
Telephone	352 95	
		<u>134,641 33</u>
Net operating profit		61,797 30
NONOPERATING INCOME		
Gain on disposal of printing equipment	2,386 65	
Recovery of bad debts	5,904 76	
Miscellaneous income	<u>52 35</u>	
		8,343 76
NONOPERATING EXPENSE		
Interest expense		<u>-1,999 99</u>
Net income before taxes		68,141 07
INCOME TAXES		
United States	23,144 41	
District of Columbia	<u>4,149 68</u>	
		<u>-27,294 09</u>
NET INCOME		\$ <u>40,846 98</u>

^aDoes not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--or the salary of Mr Larkford, which is paid from appropriated funds

^bCovers all employees of Thomas J Lankford, Incorporated, after 2 years of service at no cost to the employees

THOMAS J. LANKFORD, INCORPORATED
 STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE
 FISCAL YEAR ENDED SEPTEMBER 30, 1972

FUNDS PROVIDED	
Net sales	\$795,314.55
Miscellaneous income	52.35
Trade-in value of old station wagon	2,051.83
Decrease in book value of printing equipment	5,113.35
Gain on sale of printing equipment	2,386.65
Recovery of bad debts	<u>5,904.76</u>
Total funds provided	<u>\$810,823.49</u>
FUNDS APPLIED	
Costs (excluding depreciation)	\$734,930.58
Purchase of new station wagon	5,737.00
Increase in cash surrender value of officer's life insurance	2,487.34
Purchase of printing equipment	26,129.08
Capitalization of overhaul expenses	800.00
Increase in working capital	<u>40,739.49</u>
Total funds applied	<u>\$810,823.49</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL	
INCREASE OR DECREASE (-) IN CURRENT ASSETS	
Cash	\$-40,765.98
Accounts receivable	69,434.38
Inventory	-7,033.93
Prepaid expenses	4,348.37
INCREASE (-) OR DECREASE IN CURRENT LIABILITIES	
Accounts payable	-18,993.04
Note payable	30,000.00
Accrued interest payable	206.25
Accrued salaries payable	-5,122.32
Accrued taxes payable	-3,716.95
Unearned income	<u>12,382.71</u>
INCREASE IN WORKING CAPITAL	<u>\$ 40,739.49</u>