

GAO

Report to the Co-Chairman,
Environmental and Energy Study
Conference, U.S. Congress

February 1989

FINANCIAL AUDIT

Environmental and Energy Study Conference Financial Statements for 1987 and 1986



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Accounting and Financial
Management Division

B-216351

February 3, 1989

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

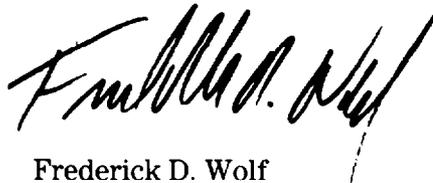
Dear Mr. Chairman:

As requested in your May 18, 1988, letter, we have examined the balance sheets of the Environmental and Energy Study Conference as of December 31, 1987 and 1986, and the related statements of operations and fund balance and changes in financial position for the years then ended. Our examinations were 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. We completed our audit work on July 29, 1988.

In our opinion, the financial statements referred to above present fairly the financial position of the Environmental and Energy Study Conference as of December 31, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the accounting policies applied on a consistent basis after giving retroactive effect to the change, with which we concur, in reporting income and expenses, as described in note 4 to the financial statements.

Our report on internal accounting controls and compliance with laws and regulations, together with the Conference's financial statements and accompanying notes for the years ended December 31, 1987 and 1986, is included in this report.

Sincerely yours,



Frederick D. Wolf
Director

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Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have examined the financial statements of the Environmental and Energy Study Conference for the years ended December 31, 1987 and 1986. 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, 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, 1987. Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1986, is presented in GAO/AFMD-88-22, dated November 3, 1987.

We did not complete a study and evaluation of the Conference's internal 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 examining the financial statements for the year ended December 31, 1987.

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 examination, we also tested the Conference's compliance with applicable laws and regulations. In our opinion, the Environmental and Energy Study Conference complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention in connection with our examination that caused us to believe that the Conference was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Balance Sheet

	December 31,	
	1987	1986
Assets		
Cash in bank	\$108,482	\$100,761
Total Assets	\$108,482	\$100,761
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$38,375	\$33,028
Accrued liabilities (note 4)	24,169	12,507
Total liabilities	62,544	45,535
Fund balance	45,938	55,226
Total Liabilities and Fund Balance	\$108,482	\$100,761

The accompanying notes are an integral part of this statement.

Statement of Operations and Fund Balance

	Years ended December 31,	
	1987	1986
Revenues (notes 2 and 4)		
Members' contributions	\$322,977	\$288,620
Total revenues	322,977	288,620
Expenses (notes 2, 3, and 4)		
Salaries and wages	261,691	261,790
Printing and supplies	8,871	19,068
Equipment rental	30,053	44,438
Postage	404	418
Office supplies	4,494	12,494
Insurance	1,741	793
Payroll taxes	16,643	19,096
Dues and subscriptions	591	429
Telephones	7,635	7,446
Professional fees	142	360
Miscellaneous	0	710
Total expenses	332,265	367,042
Net loss	(9,288)	(78,422)
Fund balance, beginning of year	55,226	133,648
Fund Balance, End of Year	\$45,938	\$55,226

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position

	Years ended December 31,	
	1987	1986
Funds Provided		
Increase in accounts payable	\$5,347	\$0
Increase in accrued liabilities	11,662	0
Total funds provided	17,019	0
Funds Applied		
Net loss from operations	9,288	78,422
Decrease in accounts payable	0	125
Decrease in accrued liabilities	0	1,249
Total funds applied	9,288	79,796
Increase (Decrease) in Cash	\$7,721	\$(79,796)

The accompanying notes are an integral part of this statement.

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 provided 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.

Note 4. Restatement of 1986 Results

The 1986 financial statements have been restated to reflect a change in accounting principle to recognize \$91,977 as Members' contributions of services and equipment rental in lieu of cash. Salaries of Conference staff paid directly by Members are included in the "Members' Contributions" and "Salaries and Wages" accounts because they arise from the same source as the cash dues payments received from Members.

In addition, two less significant restatements are included:

- Accrued annual leave and annual leave expense are being recorded since there is now a formal annual leave policy.

- The miscellaneous expenses account for 1986 originally included insurance, travel, and other incidental expenses. Insurance expenses are now stated separately because they are incurred annually. Meetings and official functions have been included under miscellaneous expenses because they are incurred sporadically.

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