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Audit Of The
House Beauty Shop
Calendar Year 1972 B 162878

House of Representatives

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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FILE COPY - COMP GEN

JULY 17, 1973

B-162878



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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The Honorable Martha W. Griffiths
Chairman, Select Committee on the
House Beauty Shop
House of Representatives

Dear Madam Chairman

The General Accounting Office has audited the financial transactions of the House Beauty Shop for calendar year 1972, as required by the Legislative Branch Appropriation Act, 1970 (83 Stat. 338).

GENERAL COMMENTS

The House Beauty Shop provides a convenient beauty facility for Congresswomen, wives of Congressmen, congressional employees, and the general public. House Resolution 1000, the 90th Congress, placed the House Beauty Shop under the direction of the Select Committee on the House Beauty Shop on December 11, 1967. Mrs. Betty Jane Oszust manages the shop under a fixed-fee contract. As of December 31, 1972, she employed 17 beauticians, 3 manicurists, 2 maids, and a receptionist on a full-time basis, and a maid, an electrologist, and an accountant on a part-time basis.

The comparative statement of operations (sch. 2) shows net income of \$6,438 for 1972 after payment of \$12,736 in bonuses compared with net income of \$2,195 for 1971 after payment of \$17,085 in bonuses. The Select Committee authorized bonuses for the manager and employees in appreciation of the shop's services and the employees' performances

The Legislative Branch Appropriation Act, 1970, requires that the net 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. We computed the net income to be transferred to the Treasury for calendar year 1972, as follows

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Retained earnings as of December 31, 1972		\$26,968.54
Capital authorized pursuant to H. Res. 1000, 90th Cong.	\$15,000.00	
Provision for replacement of equipment (accumulated depreciation as of December 31, 1972)	<u>7,238.93</u>	<u>22,238.93</u>
Net income to be transferred		<u>\$ 4,729.61</u>

SCOPE OF AUDIT

Our audit was made in accordance with generally accepted auditing standards and included an examination of the accounting records and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements for the House Beauty Shop from records furnished by the manager of the shop. In preparing the statements, we adjusted the shop's records, which were maintained on a cash basis, to present the financial position and results of operations of the House Beauty Shop on an accrual basis. These statements do not include cost 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.

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 House Beauty Shop at December 31, 1972, the results of its operations, and the changes in its financial position for the year then ended.

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,

A handwritten signature in black ink, appearing to read "James P. Stets". The signature is written in a cursive style with a large initial "J".

Comptroller General
of the United States

HOUSE BIAUTY SHOP

COMPARATIVE BALANCE SHEET

DECEMBER 31, 1972 AND 1971

A S S E T S

	<u>1972</u>	<u>1971</u>
CURRENT ASSETS		
Cash in U S Treasury	\$12,073	\$ 8,293
Petty cash and change funds	700	450
Accounts receivable	609	239
Prepaid insurance	469	517
Inventory of merchandise and supplies (note a)	<u>6,999</u>	<u>5,618</u>
Total current assets	<u>20,850</u>	<u>15,117</u>
FIXED ASSETS.		
Equipment (note b)	17,377	17,086
Less accumulated depreciation	<u>7,239</u>	<u>5,530</u>
Total fixed assets	<u>10,138</u>	<u>11,556</u>
Total assets	<u>\$30,988</u>	<u>\$26,673</u>

L I A B I L I T I E S A N D E Q U I T Y

CURRENT LIABILITIES		
Accounts payable	\$ 2,526	\$ 3,928
Employees' Federal and State taxes withheld	1,494	1,396
Employer's payroll taxes payable	<u>-</u>	<u>238</u>
Total current liabilities	<u>4,020</u>	<u>5,562</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES		
Balance at beginning of year	21,111	21,067
Less amount transferred to U S Treasury	<u>581</u>	<u>2,151</u>
Balance	20,530	18,916
Net income for year	<u>6,438</u>	<u>2,195</u>
Balance at end of year	<u>26,968</u>	<u>21,111</u>
Total liabilities and equity	<u>\$30,988</u>	<u>\$26,673</u>

^a Inventories are stated at cost using the first in, first out valuation method

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

HOUSE BEAUTY SHOP
 COMPARATIVE STATEMENT OF OPERATIONS
 FOR CALENDAR YEARS 1972 AND 1971

	<u>1972</u>	<u>1971</u>
INCOME		
Beauty services	\$218,239	\$206,248
Retail sales	\$13,398	\$ 9,205
Less cost of retail sales	<u>8,936</u>	<u>7,236</u>
Miscellaneous income	<u>254</u>	<u>151</u>
TOTAL OPERATING INCOME	<u>222,955</u>	<u>208,368</u>
OPERATING EXPENSES		
Salaries		
Beauticians	127,453	118,063
Manicurists	11,464	10,295
Receptionists	7,644	7,192
Maids	<u>6,376</u>	<u>5,696</u>
Total salaries	152,937	141,246
Supplies	20,057	16,683
Managerial fee	15,000	15,000
Payroll tax	7,926	9,251
Laundry	540	618
Office	1,035	1,181
Insurance	1,489	1,548
Depreciation	1,709	1,625
Accounting	2,020	595
Miscellaneous	<u>1,068</u>	<u>1,341</u>
Total operating expenses	<u>203,781</u>	<u>189,088</u>
NET INCOME FROM OPERATIONS	19,174	19,280
BONUS PAYMENTS		
Manager	6,000	6,000
Employees	<u>6,736</u>	<u>^a11,085</u>
NET INCOME FOR THE YEAR	<u>\$ 6,438</u>	<u>\$ 2,195</u>

^aIncludes bonuses of \$3,030 for 1970

HOUSE BEAUTY SHOP

COMPARATIVE STATEMENT OF CHANGES

IN FINANCIAL POSITION

CALENDAR YEARS 1972 AND 1971

	<u>1972</u>	<u>1971</u>
FUNDS PROVIDED		
Sales	\$231,637	\$215,453
Miscellaneous income	<u>254</u>	<u>178</u>
Total funds provided	<u>\$231,891</u>	<u>\$215,631</u>
FUNDS APPLIED		
Operating expenses (excluding depreciation which does not require an outlay of funds)	\$202,072	\$187,462
Cost of retail sales	8,936	7,236
Bonus payments	12,736	17,085
Equipment additions	291	1,298
Increase in working capital	7,275	399
Amount transferred to U S Treasury	<u>581</u>	<u>2,151</u>
Total funds applied	<u>\$231,891</u>	<u>\$215,631</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL		
INCREASE OR DECREASE (-) IN CURRENT ASSETS		
Cash	\$ 4,030	\$ 1,881
Accounts receivable	370	111
Prepaid insurance	-48	3
Inventories	1,381	1,029
INCREASE (-) OR DECREASE IN CURRENT LIABILITIES		
Accounts payable	1,402	-1,899
Employees Federal and State taxes withheld	-98	-703
Employer's payroll taxes payable	<u>238</u>	<u>-23</u>
INCREASE IN WORKING CAPITAL	<u>\$ 7,275</u>	<u>\$ 399</u>