



RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Legislative Liaison, a record of which is kept by the Public Information Branch, CAS  
COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D C 20548

B-162878

4-6-70

089844

RELEASED

B-162878

*HR*

APR 6 1970

Dear Madam Chairman:

The General Accounting Office has made an audit of the financial transactions of the House Beauty Shop for calendar year 1969, pursuant to your request received on December 15, 1969. Our audit included an examination of selected financial transactions, appropriate tests of the accounting records, and such other auditing procedures as we considered necessary.

GENERAL COMMENTS

The House Beauty Shop was originally established about 1932. The shop was reorganized on December 11, 1967, pursuant to House Resolution 1000, Ninetieth Congress, which created a Select Committee on the House Beauty Shop, placed management of the shop and all matters connected therewith under the direction of the Select Committee, and authorized use of the contingent fund of the House for the cost of initial equipment and materials not to exceed \$15,000. As of December 31, 1969, repayments totaling \$10,000 had been made to the Clerk of the House for deposit to the contingent fund as is shown in the Comparative Statement of Assets, Liabilities, and Equity (schedule 1).

The purpose of the Beauty Shop is to provide convenient beauty facilities for Congresswomen, wives of Congressmen, and female congressional employees. At December 31, 1969, the staff of the shop consisted of the manager, a receptionist, two maids, four manicurists, an electrologist, and 15 beauticians.

The House Beauty Shop is operated by a manager, Mrs. Betty Jane Oszust, under a fixed-fee contract. The manager's fee, compensation of the staff, and all expenses of the shop are paid from shop receipts.

As shown in the Comparative Statement of Income, Expenses, and Retained Earnings (schedule 2), the shop realized a net income of \$8,625 in calendar year 1969 compared with \$3,136 in calendar year 1968.

The Legislative Branch Appropriation Act, 1970 (Public Law 91-145, approved Dec. 12, 1969, 83 Stat. 338), made the Select Committee on the House Beauty Shop a permanent committee; established effective January 1, 1970, a revolving fund in the U.S. Treasury; provided for audits of the

~~915158~~

089844

B-162878

Beauty Shop by the General Accounting Office; and required that the net profit be transferred to the general fund of the Treasury (83 Stat. 347).

FINANCIAL STATEMENTS

The accompanying financial statements for the House Beauty Shop were prepared by us from records furnished by the manager of the shop. The employment of the firm of certified public accountants, which had maintained the accounts and records of the shop during calendar year 1968, was terminated in August 1969. At that time we began assisting the manager with her accounting responsibilities. In preparing the financial statements, we adjusted the shop's records, which were maintained on a cash basis, to present the financial position and operating results of the House Beauty Shop on an accrual basis. These statements do not include the cost of certain benefits and services furnished to the Beauty Shop without charge--such as space, utilities, local telephone service, and repairs.

In our opinion, the accompanying statements (schedules 1 and 2), which were prepared in accordance with the financial arrangements described above, present fairly the financial position of the House Beauty Shop at December 31, 1969, and the results of its operations for the year then ended.

Sincerely yours,

*James A. Smith*

Comptroller General  
of the United States

#520579

Enclosures - 2

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

## HOUSE BEAUTY SHOP

## COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, AND EQUITY

DECEMBER 31, 1969 AND 1968

## A S S E T S

	<u>1969</u>	<u>1968</u>
CURRENT ASSETS:		
Cash	\$ 6,305	\$ 7,199
Accounts receivable (employee overpayments)	109	-
Inventory of merchandise and supplies (at cost)	4,043	2,345
Prepaid insurance	<u>425</u>	<u>198</u>
Total current assets	<u>\$10,882</u>	<u>\$ 9,742</u>
FIXED ASSETS:		
Equipment and fixtures	14,040	13,503
Less allowance for depreciation	<u>2,498</u>	<u>1,100</u>
Total fixed assets	<u>11,542</u>	<u>12,403</u>
Total assets	<u>\$22,424</u>	<u>\$22,145</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	\$ 1,742	\$ 1,134
Employees' Federal and State taxes withheld	2,515	1,535
Employer's payroll taxes payable	1,354	444
Sales taxes collected	34	55
Accrued salaries payable	-	651
Employees' income guarantee insurance payments withheld	<u>-</u>	<u>172</u>
Total current liabilities	<u>\$ 5,645</u>	<u>\$ 3,991</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Capital provided pursuant to H. Res. 1000, 90th Cong.		
Balance---beginning of year	\$15,000	\$15,000
Less repayments	<u>10,000</u>	<u>-</u>
Balance---end of year	5,000	15,000
Retained earnings	<u>11,779</u>	<u>3,154</u>
Total equity	<u>16,779</u>	<u>18,154</u>
Total liabilities and equity	<u>\$22,424</u>	<u>\$22,145</u>

## HOUSE BEAUTY SHOP

## COMPARATIVE STATEMENT OF INCOME, EXPENSES, AND RETAINED EARNINGS

FOR CALENDAR YEARS 1969 AND 1968

	<u>1969</u>	<u>1968</u>
<b>INCOME:</b>		
Beauty operations	\$153,225	\$151,897
Sales of merchandise	<u>5,356</u>	<u>1,848</u>
Total income	<u>\$158,581</u>	<u>\$153,745</u>
<b>EXPENSES:</b>		
Salaries:		
Operators	\$ 86,274	\$ 80,649
Manicurists	8,269	7,520
Receptionists	5,574	4,678
Maids	4,284	4,048
Wig designer	<u>-</u>	<u>6,303</u>
Total salaries	\$104,401	\$103,198
Managerial fee	14,499	15,000
Payroll tax	6,395	5,773
Supplies (including cost of merchandise sold)	18,275	16,325
Laundry	1,378	3,021
Office	606	1,484
Insurance	1,462	1,277
Depreciation	1,398	1,316
Accounting	600	750
Miscellaneous	<u>942</u>	<u>592</u>
Total expenses	<u>149,956</u>	<u>148,736</u>
Net income before nonrecurring items	\$ 8,625	\$ 5,009
Nonrecurring expenses	<u>-</u>	<u>1,873</u>
Net income	<u>\$ 8,625</u>	<u>\$ 3,136</u>
<b>RETAINED EARNINGS:</b>		
Balance, beginning of period	\$ 3,154	\$ 18
Add net income for period	<u>8,625</u>	<u>3,136</u>
Balance, end of period	<u>\$ 11,779</u>	<u>\$ 3,154</u>