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BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES



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Audit Of The  
House Beauty Shop  
Calendar Year 1974

House of Representatives

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AUG. 19, 1975



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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91 The Honorable Yvonne Brathwaite Burke  
Chairman, Select Committee on the  
House Beauty Shop  
House of Representatives

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Dear Madam Chairman:

We have audited the financial transactions of the House  
Beauty Shop for calendar year 1974, as required by the Legis- GHS 00015  
lative Branch Appropriation Act, 1970 (83 Stat. 338).

GENERAL COMMENTS

The House Beauty Shop provides a convenient beauty fa-  
cility for Congresswomen, wives of Congressmen, congressional  
employees, and the general public. House Resolution 1000,  
90th Congress, placed the House Beauty Shop under the direc-  
tion 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, 1974, she em-  
ployed 17 beauticians, 3 manicurists, a maid, and a recep-  
tionist on a full-time basis and a maid, a receptionist, and  
an electrologist on a part-time basis.

The comparative statement of operations (sch. 2) shows  
net income of \$8,604 for 1974 after payment of \$7,950 in  
bonuses compared with net income of \$3,591 for 1973 after  
payment of \$8,000 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 replace-  
ment 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 1974, as follows:

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Retained earnings as of December 31, 1974		\$27,298.00
Capital authorized pursuant to H. Res. 1000, 90th Congress	\$15,000.00	
Provision for replacement of equipment (accumulated de- preciation as of December 31, 1974)	<u>10,608.73</u>	<u>25,608.73</u>
Net income to be transferred		<u>\$ 1,639.27</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, 1974, 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 380 00004

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the House of Representatives and to the Clerk of the House of Representatives. *GHCS 3*

Sincerely yours,

  
ACTING Comptroller General  
of the United States

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HOUSE BEAUTY SHOPCOMPARATIVE BALANCE SHEETDECEMBER 31, 1974 AND 1973

ASSETS	<u>1974.</u>	<u>1973</u>
CURRENT ASSETS:		
Cash in U.S. Treasury	\$12,210	\$10,537
Petty cash and change funds	700	700
Accounts receivable	199	190
Prepaid insurance	516	499
Inventory of merchandise and supplies (note a)	<u>9,791</u>	<u>7,741</u>
Total current assets	<u>23,406</u>	<u>19,667</u>
FIXED ASSETS:		
Equipment (note b)	17,399	17,228
Less accumulated depreciation	<u>10,609</u>	<u>8,886</u>
Total fixed assets	<u>6,790</u>	<u>8,342</u>
TOTAL ASSETS	<u>\$30,196</u>	<u>\$28,009</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,704	\$ 2,358
Employees' Federal and State taxes withheld	<u>1,194</u>	<u>1,092</u>
Total current liabilities	<u>2,898</u>	<u>3,450</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Balance at beginning of year	24,559	26,968
Less amount transferred to U.S. Treasury	<u>6,000</u>	<u>6,000</u>
Balance	18,559	20,968
Add: Net income for the year	8,604	3,571
Prior year adjustments	<u>135</u>	<u>-</u>
Balance at end of year	<u>c/27,298</u>	<u>24,539</u>
TOTAL LIABILITIES AND EQUITY	<u>\$30,196</u>	<u>\$28,009</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.

c/As explained on page 1, a minimum of \$1,689 is to be transferred to the Treasury.

HOUSE BEAUTY SHOPCOMPARATIVE STATEMENT OF OPERATIONSFOR CALENDAR YEARS 1974 AND 1973

	<u>1974</u>	<u>1973</u>
INCOME:		
Beauty services	\$217,872	\$221,669
Retail sales	19,841	14,023
Less cost of re- tail sales	<u>12,887</u>	<u>10,986</u>
Miscellaneous income	<u>131</u>	<u>230</u>
Total operating income	<u>224,957</u>	<u>224,936</u>
OPERATING EXPENSES:		
Salaries:		
Beauticians	126,126	133,530
Manicurists	13,426	10,532
Receptionists	8,547	7,751
Maids	<u>7,771</u>	<u>7,017</u>
Total salaries	155,870	158,830
Supplies	18,384	15,942
Managerial fee	15,000	15,000
Payroll tax	9,505	9,546
Laundry	612	674
Office	1,854	1,580
Insurance	2,064	1,519
Depreciation	1,723	1,797
Accounting	1,890	1,910
Medical examinations	625	527
Miscellaneous	<u>876</u>	<u>2,020</u>
Total operating expenses	<u>208,403</u>	<u>213,345</u>
NET INCOME FROM OPERATIONS	16,554	11,591
BONUS PAYMENTS:		
Manager	6,000	5,500
Employees	<u>1,950</u>	<u>2,500</u>
NET INCOME FOR THE YEAR	<u>\$ 8,604</u>	<u>\$ 3,591</u>

HOUSE BEAUTY SHOP  
COMPARATIVE STATEMENT OF CHANGES  
IN FINANCIAL POSITION  
CALENDAR YEARS 1974 AND 1973

	<u>1974</u>	<u>1973</u>
<b>FUNDS PROVIDED:</b>		
Sales	\$237,713	\$235,592
Miscellaneous income	<u>131</u>	<u>230</u>
Total funds provided	<u>\$237,844</u>	<u>\$235,922</u>
<b>FUNDS APPLIED:</b>		
Operating expenses (excluding depreciation which does not require an outlay of funds)	\$206,680	\$211,549
Cost of retail sales	12,887	10,986
Bonus payments	7,950	8,000
Equipment additions	171	-
Amount transferred to U.S. Treasury	6,000	6,000
Increase or decrease (-) in working capital	<u>4,156</u>	<u>-613</u>
Total funds applied	<u>\$237,844</u>	<u>\$235,922</u>
<b>ANALYSIS OF CHANGES IN WORKING CAPITAL</b>		
<b>INCREASE OR DECREASE (-) IN CURRENT ASSETS:</b>		
Cash	\$ 1,673	\$ -1,537
Accounts receivable	9	-418
Prepaid insurance	17	30
Inventories	2,040	742
<b>INCREASE (-) OR DECREASE IN CURRENT LIABILITIES:</b>		
Accounts payable	654	163
Employees' Federal and State taxes withheld	-102	402
Prior year adjustments	<u>-135</u>	<u>-</u>
<b>INCREASE OR DECREASE (-) IN WORKING CAPITAL</b>	<u>\$ 4,156</u>	<u>\$ -613</u>